



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



092244

B-168033

NOV 6 1970

Dear Senator Smith:

The enclosed material is furnished in response to the questions you raised with members of my staff on February 26, 1970, which we were unable to answer in time to include in our report (B-168033, March 17, 1970) to you concerning the use of consultants by the ~~National Aeronautics and Space Administration~~ (NASA).

The enclosed material includes the answers to other questions raised during meetings with my staff and reflects the agreements reached concerning the scope of our review. For the most part the questions deal with matters originally discussed in our report (B-168033, December 31, 1969) to you concerning NASA's use of consultants.

NASA has not been provided with copies of the enclosures and has not been afforded an opportunity to comment on them. We plan to make no further distribution of this material unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the enclosures.

Sincerely yours,

Comptroller General  
of the United States

Enclosures - 3

The Honorable Margaret Chase Smith  
United States Senate

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## REVIEW OF THE NASA EXECUTIVE LUNCHROOM

In accordance with your request on February 26, 1970, we have reviewed the operation and administration of the NASA Headquarters executive lunchroom.

The National Aeronautics and Space Act of 1958 authorizes NASA to provide, by contract or otherwise, cafeterias for the welfare of its employees. Pursuant to this act the NASA Administrator established the NASA executive lunchroom in January 1966. In so doing, the Administrator stated that the lunchroom was necessary and essential to facilitate communication among top NASA officials and to provide them with the opportunity to engage in NASA business during the luncheon period.

### LUNCHROOM FACILITIES AND PERSONNEL

The NASA executive lunchroom is located in Federal Office Building 6 within the NASA Administrator's suite of offices. The lunchroom occupies about 780 square feet of floor space. An adjacent conference room of about 775 square feet is used when necessary to accommodate larger numbers attending special luncheons and dinners.

Certain equipment--including a refrigerator, a stove, a sink, a garbage disposal, a dishwasher, an overhead vent with fans, and cabinets--was installed during construction of Federal Office Building 6 in the space now used for the lunchroom. NASA subsequently purchased equipment costing about \$8,400 since the establishment of the executive lunchroom. This equipment consisted of a freezer, a food warmer, two refrigerators, tables and chairs, and other miscellaneous kitchen supplies.

About \$5,700 worth of the additional equipment was purchased through the General Services Administration, and the remainder was procured commercially. All the equipment was purchased with appropriated funds--the Research and Program Management (formerly Administrative Operations) appropriation.

A steward and two food service workers are employed by NASA on a full-time basis to purchase food, prepare meals, and maintain the executive lunchroom facilities. Their

salaries are paid out of the Research and Program Management appropriation. In addition, during 1969 three other full-time NASA employees--William H. Banks, Katherine D. Kazimer, and Helen H. Morehouse--devoted a portion of their time to the administration of lunchroom activities, such as keeping accounting and billing records and receiving and disbursing funds. A list of the NASA employees involved in the operation and administration of the executive lunchroom since its establishment is provided on page 8 of this enclosure.

#### LUNCHROOM ACTIVITIES AND MEMBERSHIP

Membership in the executive lunchroom is restricted to about 50 NASA officials, primarily at the level of Deputy Assistant Administrator or above. Each member pays \$10 a month, which entitles him to a daily buffet-style lunch. Lunches, we were told, consist of soups, salads, sandwiches, vegetables, desserts, and beverages. Members are also permitted to have guests dine with them at an additional cost of \$1 for each meal. Prior to May 1, 1970, guests were permitted to dine with a member free of charge as long as the number of meals consumed by the member and his guests did not exceed the total number of meals to which the member was entitled during the month.

Consultants to the Administrator are eligible for membership in the lunchroom or may dine as guests by paying \$1 a meal. During 1969, about 5 percent of the total number of meals served were served to consultants.

A number of special luncheons and dinners are held in the lunchroom, which are attended by both lunchroom members and other Government and non-Government individuals. The cost of food and beverages for these special activities is prorated among those attending, including the members of the lunchroom. The proportionate share of the cost for official NASA guests is paid from the Administrator's Fund, a fund established from NASA's Research and Program Management appropriation. During 1969, 48 special luncheons and dinners were held.

The following table is a comparison of the costs of lunchroom operations with the amounts paid by NASA officials and their guests during 1969.

Cash Receipts and  
Costs of Lunchroom Operations  
Calendar Year 1969

	<u>Total</u>	<u>Per meal</u> <u>(note a)</u>
Costs:		
Salaries:		
Steward and food service workers	\$22,549	\$ -
Administrative	<u>3,400</u>	-
Total salaries	25,949	3.10
Food costs	\$6,547	
Depreciation of equipment (note b)	800	
Other miscellaneous costs	<u>390</u>	<u>.93</u>
Total costs	<u>33,686</u>	<u>4.03</u>
Receipts:		
Receipts from members and guests	6,926	-
Reimbursements from Administrator's Fund	<u>201</u>	-
Total receipts	<u>7,127</u>	<u>.85</u>
Excess of costs over receipts:		
Cost of operations borne by appropriated funds	<u>\$26,559</u>	<u>\$3.18</u>

<sup>a</sup>Based on 8,359 meals served during 1969.

<sup>b</sup>Based on equipment purchased subsequent to the construction of Federal Office Building 6 and computed on a straight-line basis with no salvage value and a useful life of 10 years based on the Internal Revenue Service guidelines for depreciating restaurant-type equipment.

IMPROPER USE OF MILITARY COMMISSARIES

Prior to the establishment of the executive lunchroom, NASA conducted a number of studies which considered possible methods of lunchroom operation. In a memorandum to the Assistant Administrator for Management Development, General William F. McKee, dated September 28, 1964, the NASA Executive Secretary, Colonel C. J. George, discussed possible lunchroom menus and stated:

"I feel confident that arrangements can be made for the purchase of food at Ft. McNair. This method of food purchase at Ft. McNair will give the operation an advantage of lower food costs and result in reduced meal prices."

The NASA files which we reviewed did not contain correspondence with Fort McNair concerning this matter. We noted, however, that on February 8, 1966, shortly after the lunchroom was established, Colonel George wrote to the Commanding Officer, Bolling Air Force Base, and requested that the lunchroom steward be authorized to make purchases at the base commissary. The copy of this letter in the lunchroom's files contained the notation "service declined."

The regulations of all three military services concerning commissaries are similar in that they prohibit the resale or giving away of food purchased at military commissaries. Army Regulation 31-200 states, in part, that:

"Authorized personnel will not sell or give away commissary purchases to individuals or groups not entitled to commissary store privileges. \*\*\* Violations of this restriction by individuals subject to military law may result in disciplinary action under the Uniform Code of Military Justice, in addition to the loss of commissary store privileges. Violation by authorized persons not subject to military law will provide a basis for suspension of commissary store privileges for a specific period or permanent revocation of commissary store privileges in addition to such disciplinary measures as

may be taken in accordance with civil service or other pertinent regulations/agreements."

We examined NASA's copies of the cash-register receipts evidencing food purchases for the executive lunchroom for the period September 1968 through April 1970. Although a number of receipts bore the names of commercial food stores and a few bore the names of three military commissaries in the Washington, D.C., area--the Bolling Air Force Base Exchange, the Henderson Hall Marine Corps Exchange, and the Fort McNair Commissary--cash-register receipts accounting for about 76 percent of the dollar value of the purchases did not identify the source of the purchase. The total purchases for this 20-month period were \$11,486.55. The table below categorizes this amount by procurement source according to NASA's records.

<u>Commercial food stores</u>	<u>Military commissaries</u>	<u>Unidentified</u>	<u>Total purchases</u>
<u>\$2,457.78</u>	<u>\$308.94</u>	<u>\$8,719.83</u>	<u>\$11,486.55</u>

To determine whether any of the unidentified purchases had been made at military commissaries, we compared 13 of the unidentified receipts totaling \$376.61 with the duplicate daily cash-register tapes retained by the Fort McNair Commissary and found that in all cases the purchases had been made at that commissary. These 13 purchases were made between September 1968 and February 1970.

As agreed with your administrative assistant, we met with NASA officials on May 25, 1970, to advise them of our findings and of our intention to refer the matter to the Department of Defense for further investigation and resolution. We were told that, during an administrative review of lunchroom activities late in 1969 or early in 1970, the practice of using commissaries as a source of lunchroom food was brought to the attention of the Acting NASA Executive Secretary who issued oral instructions that the use of commissaries was to stop.

At this meeting Mr. Walter C. Shupe, Special Assistant to the Acting Associate Administrator for Organization and Management, and Mr. William H. Banks, Deputy Director, Secretariat Support Division, contended that the absence of a

source identification on the lunchroom's cash-register receipts did not mean that the tapes had been altered to hide the fact that the purchase had been made at a commissary. It was their opinion that some cash registers do not imprint the name of the store on the receipt.

Mr. Banks advised us that, after we brought this matter to NASA's attention, he made a thorough review of the lunchroom records with the lunchroom steward. He stated that this review revealed that only a limited number of purchases had been made at military commissaries after the lunchroom was established in January 1966. During this review the steward identified, and Mr. Banks made notations on, the receipts as to the stores at which purchases were made during January, February, and March 1970. They found that only four purchases had been made from commissaries during this period--none in January, three in February, and one in March.

Subsequent to these discussions, we compared the results of our examination of the January and February 1970 lunchroom purchases with the results of the examination by the steward and Mr. Banks. Of the 13 purchases which we had identified as having been made at the Fort McNair Commissary, nine were made during January and February 1970. NASA records identified seven of these purchases as having been made at commercial food stores and attributed the remaining two to the Bolling Air Force Base Commissary.

To determine whether the practice of purchasing at commissaries had stopped, we returned to Fort McNair and compared the cash-register receipts for March and April 1970 with the duplicate register tapes. We found that seven purchases totaling \$178.81 had been made at that commissary. Furthermore, we believe that eight other purchases totaling \$271.45 for this period also had been made from Fort McNair, since the cash-register receipts were identical in physical appearance to the seven we had identified as having come from Fort McNair. NASA records contained notations that 14 of these 15 purchases had been made from commercial food stores. The source of the other purchase was unidentified.

During our review of the March and April 1970 purchases, we also compared a sample receipt from each of the cash registers used in the Fort McNair Commissary with the seven

receipts we had identified as representing Fort McNair Commissary purchases. In five of the seven cases, NASA's cash-register receipts had been altered by clipping the words "U.S. ARMY COMMISSARY FT. McNAIR" from the top of the tapes and "Purchases for Personal Use Only" from the bottom. The two remaining receipts came from a register that did not imprint these statements.

On June 5, 1970, we advised the Secretary of Defense of our findings, and on June 19, 1970, we met with Department of Defense officials to provide them with additional information and copies of pertinent documents.

On July 2, 1970, the Assistant Secretary of Defense (Administration) advised us that the investigation conducted by the Department's Inspection Services office had confirmed that purchases were being made for the NASA executive lunchroom from military commissaries in violation of military regulations. The Assistant Secretary advised us also that the misuse of the commissaries was an isolated case and had occurred because of the lack of supervision of the lunchroom steward by NASA officials. The Assistant Secretary stated that he had been provided with documentation showing that steps had been taken by NASA to prevent further commissary purchases. He said that no further action concerning the matter was contemplated.

NASA Employees Involved in  
Executive Lunchroom Operations

<u>Position title, occupant, and tenure of office</u>	<u>Salary received in calendar year 1969 in this position</u>	<u>Amount of salary attributable to lunchroom- related work</u>	<u>Position as it relates to lunchroom operations</u>
<b>Office of the Administrator:</b>			
<b>Executive Secretary:</b>			
Clare F. Farley (Colonel, U.S. Army, Ret.), February 1969 to present (acting)	\$24,842	(a)	Overall management respon- sibility for lunchroom op- erations
Frank J. Magliato, December 1967 to February 1969	5,795	(a)	
John R. Biggs, March to Decem- ber 1967	-	-	
Lawrence W. Vogel (Colonel, U.S. Army, Ret.), December 1965 to March 1967	-	-	
<b>Secretariat Support Division:</b>			
<b>Director:</b>			
William H. Banks (Lieutenant Colonel, U.S. Air Force, Ret.), May 1970 to present (acting)	-		Direct responsibility for lunchroom administration, operations, and planning
C. J. George (Colonel, U.S. Army, Ret.), December 1967 to May 1970	22,898	(a)	
Carl H. Dry, February 1966 to December 1967		-	
<b>Deputy Director:</b>			
William H. Banks, (Lieutenant Colonel, U.S. Air Force, Ret.), December 1966 to May 1970	17,607	650 <sup>b</sup>	Administers the accounting and operations of the lunch- room funds; financial man- agement and support respon- sibilities
<b>Administrative Operations Officer:</b>			
Jack S. Cline, April 1966 to present	11,786	(a)	General supervision of steward and food service workers
<b>Administrative Technician:</b>			
Katherine D. Kazimer, May 1968 to present	8,017	900 <sup>b</sup>	Controls lunchroom cash and checking account
<b>Secretary:</b>			
Helen H. Morehouse, Septem- ber 1958 to present	10,007	1,850 <sup>b</sup>	Maintains lunchroom atten- dance records
<b>Steward:</b>			
Yu Ta Chang (U.S. Navy, Ret.), January 1966 to present	9,626	9,626	Manages lunchroom. Pur- chases and prepares food
<b>Food service worker:</b>			
Jose Cadisal (U.S. Navy, Ret.), December 1966 to present	6,462	6,462	Assists steward
Juan T. Cruz (U.S. Navy, Ret.), February 1966 to present	6,462	6,462	

<sup>a</sup>Although lunchroom-related work was performed, it was of a supervisory nature and therefore we were unable to assign an appropriate dollar amount.

<sup>b</sup>Based on individual's own estimate of time spent monthly.

SUMMARY

1. Since January 1966, NASA has operated an executive lunchroom. Membership in the lunchroom is restricted to about 50 NASA officials who pay \$10 a month for a daily buffet-style lunch. Members may bring guests at an additional cost of \$1 for each meal. Prior to May 1, 1970, guests could dine free of charge as long as the number of meals consumed by a member and his guests did not exceed the total number of meals to which the member was entitled during the month.
2. The cost of operating the NASA executive lunchroom during calendar year 1969 was \$33,686, or \$4.03 a meal. Cash receipts totaled \$7,127, or \$0.85 a meal, resulting in a deficit of \$26,559, or \$3.18 a meal, which--except for depreciation of \$800--was paid out of NASA's Research and Program Management appropriation. Almost all the excess cost consists of salaries of the steward, food service workers, and administrative personnel responsible for the operation of the lunchroom.
3. Cash-register receipts accounting for about 76 percent of the dollar value of the food purchases did not identify the stores where the purchases had been made. We compared 13 of the unidentified receipts totaling \$376.61 with the duplicate cash-register tapes retained by the Fort McNair Commissary and found that all the purchases had been made there. These purchases were in violation of military regulations.
4. Some of the receipts which we examined had come from cash registers which printed "U.S. ARMY COMMISSARY FT. McNAIR" at the top of the receipt and "Purchases for Personal Use Only" at the bottom. These receipts had been altered to remove this information.
5. We found no indication that NASA had sought permission from Fort McNair to purchase food at the commissary. We did find evidence, however, that NASA had written to Bolling Air Force Base, which declined permission.

6. During our review, NASA examined its records and made notations on the receipts, indicating where the receipts had come from. We checked the accuracy of these notations and found that receipts which NASA had identified as being from commercial food stores had, in fact, come from Fort McNair.
7. We found that purchases were still being made at the Fort McNair Commissary in March and April 1970, although NASA officials told us that oral instructions had been issued late in 1969 or early in 1970 to stop this practice.
8. The Assistant Secretary of Defense (Administration) confirmed that purchases were being made from military commissaries in violation of military regulations and concluded that this misuse of commissaries was an isolated case and had occurred because of the lack of supervision of the lunchroom steward by NASA officials. The Assistant Secretary said that he had received documentation from NASA showing that steps had been taken by NASA to prevent further commissary purchases and that he contemplated no further action.

SUPPLEMENTAL INFORMATION ON THE  
USE OF CONSULTANTS BY THE  
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

UNAUTHORIZED USE OF CONSULTANTS  
ON ADVISORY COMMITTEES

In our report to you dated December 31, 1969, we reported that, during fiscal years 1968 and 1969, 20 and 30 consultants, respectively, served without compensation as members of advisory committees of the Office of Advanced Research and Technology (OART) although they had not been appointed as Federal employees. As a consequence, no review of these individuals' financial interests was made by NASA to determine whether a conflict existed.

The Federal Personnel Manual requires each executive agency to establish regulations governing the ethical conduct of its employees and to obtain from certain employees statements of employment and financial interests. Each agency is also required to establish an effective system for reviewing the statements obtained from employees to reveal conflicts of interest. The purpose of these requirements is to ensure the integrity of Government operations.

The NASA regulations issued pursuant to these requirements provide, in part, that each consultant serving on an intermittent basis, with or without compensation, submit a statement of employment and financial interests at the time he is initially appointed and each time he is reappointed. The NASA General Counsel is required to review the statements to identify situations in which conflicting financial interests might exist so that the consultants can have an opportunity to resolve the matter.

NASA regulations also require nongovernmental members of advisory committees to be appointed as Federal employees (consultants) and to submit statements of employment and financial interests prior to participating in any advisory committee meeting.

We reviewed NASA's appointment procedures to identify the office responsible for the consultants' not being appointed as Federal employees. Although NASA personnel officials stated that the consultants had not been appointed because the personnel office had not received all the necessary forms, we found that a misunderstanding existed about whose responsibility it was to obtain the required forms from the consultants.

NASA personnel officials advised us that the executive secretaries of the OART advisory committees were responsible for providing the personnel office with the data needed to appoint the nongovernmental members (consultants) of the OART advisory committees as Federal employees. In support of this contention, a personnel official cited instructions issued to the employees of the personnel office by the Director, Headquarters Personnel Division, in July 1967. According to these instructions, the employing office (e.g., OART) was to provide the personnel office with the form requesting the appointment and the form outlining the individual's duties and qualifications. The personnel office would then provide the employing office with all other necessary appointment forms to be completed by the prospective consultant and returned to the personnel office.

We interviewed six executive secretaries who informed us that, with the exception of the form requesting that an individual be appointed as a consultant and of a form outlining the individual's duties and qualifications, the NASA personnel office had the responsibility for obtaining the required forms from each consultant. These executive secretaries cited instructions issued in August and September 1967 by OART to executive secretaries of the advisory committees, which stated that the personnel office would obtain the remaining forms. Moreover, the personnel official assigned to OART to provide support for personnel matters at the time the OART instructions were issued agreed that he was responsible for obtaining the forms from the consultants but stated that OART often assisted in this process.

Two different personnel officials provided support to OART during fiscal year 1969. OART officials advised us that these two officials had agreed to continue using the same appointment-processing arrangement. The two personnel

officials informed us, however, that they had not agreed to this arrangement and maintained that OART was responsible for obtaining all necessary forms from each consultant.

Three of the six executive secretaries we interviewed and the Director, Headquarters Personnel Division, expressed the opinion that the requirement of having committee members who serve without compensation appointed as Federal employees, with the attendant paper work, was unnecessary and constituted an administrative burden.

The six executive secretaries with whom we discussed this matter had relied on their secretaries to provide the personnel office with the required forms. Furthermore, our discussions with the six executive secretaries revealed that they generally were unaware of the information that was required to appoint the committee members as Federal employees. Two of the executive secretaries thought that the committee members were appointed when the Associate Administrator, OART, signed the letters inviting the individuals to be committee members. One of the executive secretaries stated that he assumed everything was all right unless he heard otherwise from the personnel office.

Despite the conflicting understandings of the appointment procedure, a number of consultants serving on OART advisory committees were appointed as Federal employees during 1968 and 1969. In each case a copy of the appointment document was furnished to OART. We believe, therefore, that the executive secretaries should not have allowed committee members to participate at meetings until such notification of their appointments had been received from the personnel office. Accordingly, OART must bear the responsibility for the consultants' serving without being appointed as Federal employees.

Our review showed that, for the 30 consultants who had not been appointed in 1969, the personnel office had received from OART the two forms which OART considered itself responsible for submitting. As a result, the personnel office was put on notice that OART wished to have these individuals appointed as Federal employees to serve on advisory committees. Therefore we believe that, when the other necessary forms had not been received after a reasonable length

of time--regardless of who was responsible for obtaining them--the personnel office should have taken action to ensure that the consultants were appointed prior to their participation in advisory committee meetings. In our opinion, the personnel office should have established some mechanism for routinely determining whether members of advisory committees had been appointed as Federal employees and must bear the responsibility for the failure to appoint the 30 consultants.

To facilitate the appointment of OART advisory committee members during fiscal year 1970, NASA personnel officials met on May 8, 1969, with the executive secretary or representative of each committee and advised them of the data needed and the processing steps required to appoint committee members as Federal employees. We found, however, that during fiscal year 1970 NASA failed to appoint two consultants as Federal employees prior to their participation in OART advisory committee meetings, although they were subsequently appointed on May 29, 1970, prior to the close of the fiscal year. The consultants and the executive secretaries who permitted them to serve prior to their being appointed are listed below.

<u>Consultant</u>	<u>OART advisory committee</u>	<u>Executive Secretary</u>	<u>Date of meetings attended</u>
Herbert Corten Department of Theoretical and Applied Mechanics University of Illinois Urbana, Illinois 60680	Subcommittee on Materials	Joseph Maltz Materials Engineering Branch, Research Di- vision	Oct. 7 and 8, 1969 Jan. 20 and 21, 1970
Henry Nagamatsu General Electric Company Schenectady, New York 12301	Subcommittee on Fluid Mechanics	Ira B. Schwartz Fluid Dynamics Branch Acting Chief, Re- search Division	Oct. 9 and 10, 1969 May 14 and 15, 1970

NASA personnel officials also met on March 30, 1970, with the executive secretary or representative of each OART committee, to facilitate the appointment of committee members during fiscal year 1971. Although this meeting will probably be of benefit in facilitating consultant appointments, as evidenced by the decrease in the number of consultants serving prior to their appointments in fiscal year 1970, we believe that the problem will continue to exist because of (1) the lack of written directives and clear assignment of responsibilities for processing consultant appointments, which, in our opinion, are clearly within the

responsibilities of the personnel office and (2) the view of some of the OART executive secretaries and of the Director, Headquarters Personnel Division, about the need to appoint as Federal employees those consultants who serve without compensation as members of advisory committees.

SUMMARY

1. During fiscal years 1968 and 1969, 20 and 30 consultants, respectively, served on OART advisory committees although they had not been appointed as Federal employees. As a consequence, no review of these individuals' financial interests was made by NASA, contrary to the Federal Personnel Manual, to determine whether a conflict existed.
2. We believe that the personnel office should have established some mechanism for routinely determining whether nongovernmental members of advisory committees had been appointed as Federal employees and must bear the responsibility for the failure to appoint the consultants prior to their participation in advisory committee meetings.
3. In addition to the procedural problems, some of the OART executive secretaries and the Director, Headquarters Personnel Division, expressed the opinion that the requirement of having committee members who serve without compensation appointed as Federal employees, with the attendant paper work, was unnecessary and constituted an administrative burden.
4. Although NASA personnel officials met with the executive secretary or representative of each committee on May 8, 1969, to facilitate the appointment of committee members during fiscal year 1970, two consultants were not appointed as Federal employees prior to their participation in OART advisory committee meetings during fiscal year 1970. We believe that the executive secretaries should not have allowed committee members to participate at meetings until notification of their appointments had been received from the personnel office. OART therefore must bear the responsibility for the consultants' serving before being appointed.
5. We believe also that the problem of consultants' serving on advisory committees prior to their appointment will continue to exist because of (1) the lack of written directives and clear assignment of responsibilities for processing consultant appointments,

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which, in our opinion, are clearly within the responsibilities of the personnel office and (2) the view of some of the OART executive secretaries and the Director, Headquarters Personnel Division, about the need to appoint as Federal employees those consultants who serve without compensation as members of advisory committees.

#### STATISTICS ON EMPLOYMENT OF CONSULTANTS

The following table shows the increase in the number of consultants on the employment rolls between December 31, 1968, and June 30, 1970.

<u>Date</u>	<u>Number on rolls</u>
Dec. 31, 1968	475
June 30, 1969	503
Dec. 31, 1969	534
June 30, 1970	546

On March 17, 1970, we requested from NASA a breakdown of the number of active--actually serve 1 or more days during a year--and inactive consultants on its employment rolls during calendar year 1969. NASA officials advised us that they could not provide this breakdown for consultants who served without compensation. We were advised that, under NASA's computerized personnel management information system, a consultant was considered active only if he received compensation during the period in question.

On May 8, 1970, NASA provided us with information from which we determined that 333 of the 413 consultants entitled to receive compensation actually worked 1 or more days during 1969.

#### IMPROPER CONTINUATION OF CONSULTANT'S EMPLOYMENT

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The Federal Personnel Manual permits a consultant serving on an intermittent basis to work a maximum of 130 days in a given service year. If a consultant works more than

130 days during his service year, his appointment is automatically converted from intermittent to temporary employment. The Federal Personnel Manual provides that temporary employment not be continued for more than 1 year.

In our two previous reports to you dated December 31, 1969, and March 17, 1970, respectively, we reported that NASA had employed a consultant, Mr. Harold A. Wolff, for more than 130 days in each of 2 consecutive service years. We expressed the opinion that his employment during the second service year was contrary to law and should have been terminated no later than upon his having worked 130 days in the second service year--the point at which his appointment was converted, for the second time, from intermittent to temporary employment.

At your request we examined into what legal action could be taken in this case. In our March 17, 1970, report, we expressed the opinion that Mr. Wolff was entitled to retain any payments made to him because he was regarded as having served as an employee in a de facto status during the period that his employment was improper. Had NASA not paid him, however, he would have had no legal claim for the payment.

Similarly we believe that under the circumstances there is no basis for legal action against the NASA official responsible for the failure to terminate Mr. Wolff's employment. The details of Mr. Wolff's employment are provided below.

Mr. Wolff was appointed on June 1, 1966, as a consultant to the NASA Administrator on the management of large, complex organizations. During his first and second service years, Mr. Wolff worked 140 and 135 days, respectively.

Dr. Irwin P. Halpern, NASA's Policy Staff Director when Mr. Wolff exceeded the 130-day limitation, advised us that the NASA Administrator had assigned projects or tasks to Mr. Wolff, who had then carried out these assignments independently. When Mr. Wolff encountered problems or difficulties, he was provided with assistance by Dr. Halpern. Dr. Halpern informed us, however, that he had not supervised Mr. Wolff.

The administrative records relating to Mr. Wolff's employment were maintained by the Secretariat Support Division,

Office of the Administrator. The Secretariat Support Division Director's responsibility included maintaining time and attendance records, issuing travel orders, approving travel vouchers, and preparing the documents required prior to the appointment or reappointment of consultants to the administrator. As previously reported to you, the time and attendance records were prepared after the fact on the basis of information submitted by the consultant on the number of days worked.

Our review of available records and discussions with NASA officials showed that there was no effective system in operation which would preclude a consultant from working more than the number of days permitted by law.

We were advised by officials in the offices involved that the following procedures had been in effect at the time Mr. Wolff worked more than 130 days in each of the 2 consecutive service years.

1. The payroll office in the Office of Administration accumulated the number of days worked directly from the consultant's time and attendance records. When a consultant had worked 120 days in a service year, the payroll office notified the headquarters personnel office that the consultant was approaching the 130-day limitation.
2. After receiving the notification from the payroll office, the personnel office notified the office to which the consultant was assigned. Mr. Wolff was assigned to the Office of the Administrator, and the notification would have gone to the Director, Secretariat Support Division, or to one of the consultants' secretaries in that division.
3. The Secretariat Support Division would then inform the consultant that he was approaching the 130-day limit.

We were advised also that the notifications by each of the offices involved were usually made by telephone, although written documentation was sometimes used.

In the case of Mr. Wolff, the only written documentation available showed that on June 6, 1967, the payroll office notified the personnel office that Mr. Wolff had worked 131 days through May 6, 1967. This was during the first service year in which he worked more than 130 days. There was no written documentation showing that this information had been forwarded to the Secretariat Support Division or whether the NASA Administrator or the consultant had been provided with this information.

Written documentation was not available to support any notifications during the second service year in which Mr. Wolff worked more than 130 days. We were informed, however, by Mrs. Agnes Kravetz, an employee in the payroll office, that she had telephoned someone in the personnel office concerning Mr. Wolff's approaching the 130-day limitation. Although she could not recall specifically, she thought that she had spoken with the Operations Branch Chief in the headquarters personnel office. We were unable to confirm this, however, since the individual who occupied that position was no longer employed by NASA.

Although we could not establish whether the notification procedure had been followed completely in the case of Mr. Wolff, our review showed that the Secretariat Support Division had known that Mr. Wolff was approaching the 130-day limitation. Colonel C. J. George, Director, Secretariat Support Division, advised us that, although he had not been contacted by the personnel office, Mrs. Elizabeth Heberle, a secretary to the consultants, had been aware of the situation and that she had informed Dr. Halpern of the impending problem.

Dr. Halpern advised us, however, that he had not been so informed and that it would not have been within his area of responsibility to act on such a matter since Mr. Wolff was working directly for the NASA Administrator.

We discussed this matter with Mrs. Heberle, and she advised us that she had not contacted Dr. Halpern but had informed Colonel George, as was her customary procedure.

We were unable to reconcile the discrepancies in the above statements. We were unable also to determine from NASA records whether the Administrator had been advised that

Mr. Wolff was approaching his 130th day of work during the second service year.

We found that the Secretariat Support Division prepared a quarterly report showing the cumulative number of days that each consultant reported he had worked during the fiscal year and that the Administrator was on the distribution for this report. However, since the 130-day limitation applies to a consultant's service year, which in Mr. Wolff's case did not coincide with the fiscal year, the report would have been unreliable for determining whether the 130-day limitation had been exceeded.

NASA was continuing to use the system of notification described above at the time our review work was completed in August 1970.

#### SUMMARY

1. NASA employed a consultant for more than 130 days in each of two consecutive service years. In our opinion, the consultant's employment during the second service year was contrary to law and should have been terminated no later than upon his having worked 130 days for the second time. We believe, however, that the consultant is entitled to retain payments made to him, because he is regarded as having served as an employee in a de facto status during the period that his employment was improper. Had NASA not paid him, however, the consultant would have had no legal claim for the payment.
2. We believe also that under the circumstances there is no basis for legal action against the NASA official responsible for the failure to terminate the consultant's employment.
3. Our review showed that there was no effective system in operation which would preclude a consultant from working more than the number of days permitted by law.

ISSUANCE OF BLANKET TRAVEL AUTHORIZATIONS

In our December 31, 1969, and March 17, 1970, reports, we stated that the issuance of travel authorizations permitting consultants to travel anywhere within the United States, coupled with the fact that consultants were issued supplies of Government Transportation Requests (TRs) and the fact that their travel vouchers were not reviewed by an official knowledgeable of their duties, was a major weakness in NASA's system of internal control. Our initial reviews were limited to 10 consultants serving in the Office of the Administrator.

As you requested, we reviewed NASA records to determine the extent to which NASA's consultants had been issued blanket travel authorizations. Our review showed that 28 of the 46 consultants assigned to the Office of the Administrator during fiscal year 1970 had received blanket travel authorizations. Only two consultants assigned to other NASA Headquarters offices had received blanket travel authorizations.

We were advised by officials of the Office of the Administrator that, although no specific guidelines were followed, blanket travel authorizations were not issued as a routine matter upon the appointment of each consultant. Rather, each case was considered individually on the basis of anticipated travel to be performed by the consultant.

In April 1970, NASA changed its travel regulations to prohibit the issuance of general authority (blanket) authorizations to consultants, experts, and others employed on an intermittent basis, with the exception of consultants to the Administrator. Under the new policy, consultants to the Administrator may be issued blanket travel authorizations; however, each occasion of travel must be initiated by a specific request from the office to which the consultant is attached or from a senior NASA official. The new policy also requires that, prior to initiating consultant travel, the office of attachment or a senior NASA official notify the Secretariat Support Division, the office responsible for approving claims for reimbursement of travel expenses by consultants to the Administrator.

Also in April 1970, consultants to the Administrator were requested to return all unused TRs in their possession. In return, each consultant was to be issued a single TR which was to be replaced upon each occasion of travel by the consultant.

We believe that the new procedures, if properly administered, should provide more control over travel by consultants.

The following list shows those consultants or experts who received blanket travel authorizations during fiscal year 1970 and the offices to which they were assigned.

Office of the Administrator:

Agnew, Harold M.  
Arnold, Lee  
Asher, Harold  
Aven, Alexander P.  
Bisplinghoff, R. L.  
Brown, Herbert R.  
DiLuzio, Frank C.  
Fubini, Eugene G.  
Godsey, Frank W., Jr.  
Guest, Robert H.  
Harlow, James G.  
Harrington, Charles D.  
Harris, S. T.  
Hornbeck, John A.  
Kerr, Breene M.  
Kozmetsky, George  
McCurdy, Richard C.  
Praktish, Carl R.  
Reining, Henry, Jr.  
Sayles, Leonard R.  
Schmidt, Edward J.  
Silverstein, Abe  
Sims, Harold  
Suojanen, Waino W.  
Sweeney, Steven B.  
Thompson, Floyd L.  
Wetzel, Albert J.  
Zisch, William E.

Office of Public Affairs,  
Public Information Division:  
Gould, Allan  
Office of Tracking and Data Acquisition,  
Communications and Frequency Management Branch:  
Hagen, John P.

APPOINTMENT AND ACTIVITIES  
OF CARL R. PRAKTISH

In accordance with your request, we have examined into the employment of Mr. Carl R. Praktish--an expert assigned to the Office of the Administrator. The details of his employment are discussed below.

Mr. Carl R. Praktish was employed by NASA on December 13, 1964, as a GS-11 budget analyst. He progressed to a GS-14 administrative position in the Office of the Administrator in May 1968. Mr. Praktish served as the Executive Secretary to the Aerospace Safety Advisory Panel from its formation in December 1967 until he left full-time Federal service on October 5, 1969, to pursue graduate studies at the Virginia Theological Seminary.

As Executive Secretary, Mr. Praktish administered the affairs of the Panel and had general supervision over all arrangements for safety reviews and evaluations and other matters undertaken by the Panel. Mr. Praktish received his instructions from and reported directly to the Panel chairman, Dr. Charles D. Harrington, President, Douglas United Nuclear, Inc., Richland, Washington.

By letter dated August 22, 1969, the Panel chairman, in anticipation of Mr. Praktish's resignation from his GS-14 position, recommended to the NASA Administrator that consideration be given to inducing Mr. Praktish to remain in the capacity of Executive Secretary to the Panel on a part-time basis during the academic year and on a full-time basis during the summer. Mr. Praktish, in a memorandum to the NASA Administrator dated August 25, 1969, conveyed his desire to remain with the Panel on a part-time basis both to continue his association with the Panel and to obtain much-needed income.

In a letter to the Panel chairman, dated September 15, 1969, the Administrator confirmed that Mr. Praktish would be available on a part-time basis in support of the Panel. The Director, Headquarters Personnel Division, advised us that Mr. Praktish had stated that he planned to return to the Federal service in a full-time position upon completion of his graduate studies.

On October 5, 1969, the same day that he resigned from his full-time position, Mr. Praktish was appointed as an expert, in the Office of the Administrator, assigned to the Aerospace Safety Advisory Panel. His rate of compensation was fixed at \$75 a day. Since his appointment, Mr. Praktish's time and attendance records show that he has worked, on the average, 6-1/2 days each month. The Director, Headquarters Personnel Division, advised us that Mr. Praktish was expected to work 130 days in each service year.

Our examination of (1) the records maintained by the Panel both before and after Mr. Praktish's appointment as an expert and (2) the descriptions of the duties performed by Mr. Praktish each pay period, as submitted by him to the Acting NASA Executive Secretary, Clare F. Farley, indicated that his duties were substantially the same as they were before his appointment as an expert. Certain administrative duties that he previously performed, however, such as approving Panel members' travel vouchers and preparing routine correspondence, are now being handled by full-time employees. We noted that Mr. Praktish's former full-time position as Executive Secretary to the Panel had not been filled as of August 7, 1970.

During our review we obtained from NASA a statement of facts relating to Mr. Praktish's employment. A copy of this statement appears on pages 28 to 41 of this enclosure.

During our review we were advised by NASA officials that Mr. Praktish did not claim a full day's compensation for each part of a day he worked but rather accumulated the number of hours worked and claimed compensation for 1 day when he had accumulated a total of 8 hours. Although it is NASA's policy to compensate experts and consultants under normal circumstances at their full daily rate of pay for each day of service, regardless of the number of hours of duty performed each day, Mr. Praktish advised us that he followed the practice of

accumulating the number of hours worked solely as a matter of personal ethics. Such a practice appears to preclude any financial gain to Mr. Praktish that might accrue by virtue of his being an expert rather than a part-time employee being paid at an hourly rate. The Acting Director, Secretariat Support Division, advised us that no other expert or consultant in the Office of the Administrator accumulated 8 hours before claiming a day's compensation.

SUMMARY

1. As a full-time NASA employee, Mr. Praktish served as the Executive Secretary to the Aerospace Safety Advisory Panel. On October 5, 1969, he resigned from NASA to pursue graduate studies at the Virginia Theological Seminary.
2. In anticipation of Mr. Praktish's resignation, the chairman of the Panel recommended that Mr. Praktish remain as the Executive Secretary on a part-time basis during the academic year and on a full-time basis during the summer. Mr. Praktish expressed his own desire to remain with the Panel on a part-time basis to continue his association with the Panel and to obtain much-needed income.
3. On October 5, 1969, the same day that he resigned from his full-time position, he was appointed as an expert assigned to the Aerospace Safety Advisory Panel. NASA told us that Mr. Praktish planned to return to full-time employment upon completion of his graduate studies. We noted that his former full-time position as Executive Secretary to the Panel had not been filled as of August 7, 1970.
4. Mr. Praktish advised us that, solely as a matter of personal ethics, he did not claim a full day's compensation for each part of a day he worked but rather accumulated his hours and claimed compensation for 1 day when he had accumulated 8 hours. Such a practice appears to preclude any financial gain to Mr. Praktish that might accrue by virtue of his being an expert rather than a part-time employee being paid at an

hourly rate. We were advised that no other expert or consultant in the Office of the Administrator accumulated 8 hours before claiming a day's compensation.

DETAILED REVIEW OF CONSULTANTS'  
TRAVEL AND OTHER ACTIVITIES

On April 16, 1970, we discussed with your Administrative Assistant, Mr. William C. Lewis, Jr., the results of our detailed review of the activities of Mr. Frank W. Godsey, Jr., one of the NASA consultants in whom you had expressed an interest. We advised Mr. Lewis that, in the absence of complete records of Mr. Godsey's activities, we could not reach any conclusions about the propriety of his travel or consultant services. We advised Mr. Lewis, however, that the report you had received to the effect that Mr. Godsey had received \$100 a day while driving between Florida and Washington, D.C., was not accurate.

As agreed with Mr. Lewis, we reviewed the activities of one additional consultant, Dr. Mose L. Harvey, Director, Center for Advanced International Studies, University of Miami, Florida.

We reviewed Dr. Harvey's activities during calendar year 1968 as both a consultant to the NASA Administrator and a researcher under three NASA research grants with the University of Miami. Dr. Harvey served as a consultant to the NASA Administrator from March 1, 1965, to January 7, 1969.

Our review of Dr. Harvey's appointment documents and other records maintained by the Office of the Administrator showed that Dr. Harvey's consultant services were to include assisting NASA in the preparation of policy position papers regarding the relationship between the United States and the Soviet Union in their space efforts, assisting NASA's top management in the areas of management and international affairs, and providing guidance in the policy analysis and planning areas.

Dr. Harvey was compensated at the rate of \$100 a day for the following number of days worked during each service year.

<u>Service year</u>	<u>Days</u>
3- 1-65 to 2-28-66	107
3- 1-66 to 2-28-67	135
3- 1-67 to 2-28-68	94
2-29-68 to 1- 7-69	130

Our review of the time and attendance records showed that Dr. Harvey had worked 4 days subsequent to January 7, 1969, the date on which his appointment was terminated. A NASA payroll office employee informed us that Dr. Harvey had not been compensated for these 4 days, since, according to law, a consultant may not work more than 130 days in the same position during each of 2 service years.

Dr. Harvey would be regarded as having served as an employee in a de facto status for these 4 days. The rule is well established that, although a de facto employee is permitted to retain any payments of compensation and allowances (including those for travel) made to him, he has no legal claim for amounts unpaid.

Dr. Harvey also received reimbursements for his travel between Florida and Washington. During calendar year 1968, NASA incurred travel expenses amounting to \$3,268 for Dr. Harvey's travel between Florida and Washington. Dr. Harvey received \$2,384 of this amount for per diem and other expenses incurred while in travel status. The remaining \$884 was for air transportation paid via TRs. During calendar year 1968, Dr. Harvey made eight trips to Washington, the duration of which ranged from 5 to 27 days. According to NASA records, Dr. Harvey did not receive any travel reimbursements during calendar year 1969.

A review of the records maintained by NASA showed that Dr. Harvey's consultant activities also included assistance in the preparation of the manuscripts for the McKinsey Foundation lecture series delivered at Columbia University during May 1968 by Mr. James E. Webb, former NASA Administrator. The topic of Mr. Webb's presentation was "Reflections on Government Service," and his presentation included separate lectures on (1) "Doctrine and Practice in Large Scale Endeavors," (2) "Goal Setting and Feedback in Large Scale Endeavors," and (3) "Executive Performance and Its Education." We were advised by the NASA Deputy General Counsel that Mr. Webb had donated the \$3,000 honorarium that he had received from the lectures to Urban Studies, Inc., Washington, D.C., a nonprofit organization.

Dr. Harvey also assisted in the preparation of a book authored by Mr. Webb entitled "Space Age Management: The Large Scale Approach." The book, copyrighted in 1969 by Columbia University, was based on the series of lectures delivered by

Mr. Webb and was published by McGraw-Hill Book Company. We were advised by the NASA Deputy General Counsel that Mr. Webb was receiving no monetary benefit as author of the book.

During calendar year 1968, the last full calendar year that Dr. Harvey served as a NASA consultant, the Center for Advanced International Studies, University of Miami, received three research grants from NASA. The titles of these research grants were as follows:

1. "The Impact of Soviet and U.S. Space and Aeronautic Programs and Policies on the Dynamics of the Societies and Systems of the USSR and the United States."
2. "The Correlation of U.S. and Soviet Space and Oceanographic Programs As They Relate to the Study, 'The Impact of Soviet and U.S. Space and Aeronautics Programs and Policies on the Dynamics of the Societies and Systems of the USSR and the United States.'"
3. "The United States' Entry into the Space Age: An Analytical Accounting of the Purposes of Organizing and Administering NASA, 1961-1971, and the Implications for U.S. National Interests and Purposes."

Each grant will extend over a 3-year period, and Dr. Harvey, as center director, will have substantive responsibility for the work called for under each of the grants. In the proposals submitted by the University of Miami, it was estimated that Dr. Harvey would devote at least two thirds of his time to the grants and that the University of Miami would be reimbursed for one third of his annual salary.

Although Dr. Harvey was involved with NASA research grants and, at the same time, was active as a consultant to the NASA Administrator during calendar year 1968, we were unable to conclude, because of the unavailability of records, whether he had received dual compensation for his services.