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ACCOUNTABILITY IN GOVERNMENT--
THE ROLE GAO PLAYS



PRESENTED BY
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SEPTEMBER 22, 1979,

BEFORE THE CONFERENCE ON
CONTROL FOR SERVICE INDUSTRY AND SMALL BUSINESS,
SPONSORED BY THE AMERICAN ASSOCIATION OF QUALITY CONTROL,
AT WILLIAMSBURG, VIRGINIA

IT SEEMS THAT A CONTINUING THEME IN POLITICAL SPEECHES AND NEWSPAPER COLUMNS THESE DAYS IS "THE UNACCOUNTABLE BUREAUCRAT" -- THE PERSON WHO PROMULGATES (TO USE A BUREAUCRATIC WORD) REGULATIONS WITHOUT THINKING OF THE CONSEQUENCES TO THE AMERICAN CONSUMER OR BUSINESS EXECUTIVE, THE MAN WHO DELAYS YOUR SOCIAL SECURITY CHECK OR THE WOMAN WHO PROCESSES A GRANT APPLICATION INCORRECTLY. THIS IS AN ISSUE WITH WHICH THE CONGRESS, WHICH IS GAO'S BOSS, AND THE ADMINISTRATION ARE OBVIOUSLY VERY CONCERNED, AND NUMEROUS ACTIONS HAVE SHOWN THIS.

IN 1974 CONGRESS ESTABLISHED THE CONGRESSIONAL BUDGET OFFICE (CBO) AND THE CONGRESSIONAL BUDGET COMMITTEES, WHICH TOGETHER HELP CONGRESS NOT ONLY KEEP TRACK OF BUT OVERSEE THE COMPOSITION AND IMPLEMENTATION OF THE BUDGET. SUCH EFFORTS ULTIMATELY HELP MAKE THE OVERALL BUREAUCRACY FUNCTION MORE EFFICIENTLY.

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ONE OF THE WAYS THE 1978 CIVIL SERVICE REFORM ACT WILL HELP STREAMLINE THE ENTIRE CIVIL SERVICE SYSTEM IS THROUGH IMPLEMENTING NEW PROCESSES (SUCH AS MERIT PAY AND THE SENIOR EXECUTIVE SERVICE) WHICH PROVIDE THE OPPORTUNITY TO INCREASE MANAGER ACCOUNTABILITY AND RELATE PAY AND AWARDS TO EMPLOYEE PERFORMANCE. IN ADDITION TO PROPOSING AND BACKING CIVIL SERVICE REFORM, PRESIDENT CARTER RECENTLY ESTABLISHED THE EXECUTIVE GROUP TO COMBAT FRAUD AND WASTE IN GOVERNMENT AND THE PRESIDENTIAL MANAGEMENT IMPROVEMENT COUNCIL.

WHERE, YOU ARE PROBABLY ASKING, DOES THE GENERAL ACCOUNTING OFFICE FIT INTO THIS OVERALL EFFORT? MANY, MANY PLACES. JUST ASK ANY FEDERAL, STATE, OR LOCAL OFFICIAL WHO HAS EVER BEEN INVOLVED IN A PROGRAM GAO HAS AUDITED OR EVALUATED. SERIOUSLY, BEFORE DISCUSSING GAO'S PRESENT EFFORTS TO ENHANCE GOVERNMENT ACCOUNTABILITY, LET ME DISCUSS FOR A MINUTE HOW WE GREW INTO THIS ROLE. MANY PEOPLE SEE THE NAME OF THE OFFICE AND THINK ALL WE DO IS BALANCE THE BOOKS.

THE GENERAL ACCOUNTING OFFICE IS AN INDEPENDENT AGENCY WITHIN THE LEGISLATIVE BRANCH. IT PLAYS AN IMPORTANT PART IN THE OVERSIGHT BY THE LEGISLATURE OF THE MANNER IN WHICH THE EXECUTIVE BRANCH FULFILLS ITS PROGRAMMATIC AND POLICY RESPONSIBILITIES.

WE ARE DESCRIBED AS BEING "INDEPENDENT" BECAUSE OF SEVERAL ATTRIBUTES WHICH WERE ASSIGNED TO THE POSITION OF COMPTROLLER GENERAL, ALTHOUGH APPOINTED TO A 15-YEAR TERM BY THE PRESIDENT, AND CONFIRMED BY THE SENATE, MR. STAATS, THE PRESENT COMPTROLLER GENERAL, CANNOT BE REMOVED BY THE PRESIDENT. HE CAN BE REMOVED ONLY BY THE CONGRESS, AND THEN ONLY FOR CAUSE OR BY IMPEACHMENT. IN GAO'S NEARLY 60 YEARS OF HISTORY, NO COMPTROLLER GENERAL HAS BEEN SO REMOVED NOR HAVE ANY EFFORTS TO DO SO EVER BEEN ATTEMPTED. WHILE THE COMPTROLLER GENERAL REPORTS TO AND IS ACCOUNTABLE TO THE CONGRESS, HE HAS BEEN GIVEN WIDE DISCRETION TO AUDIT AND EVALUATE VIRTUALLY ALL PROGRAMS OF THE EXECUTIVE BRANCH AND, WITH CERTAIN LIMITATIONS, THE OPERATIONS OF THE CONGRESS AND THE JUDICIARY.

THE EARLY FOCUS OF THE GENERAL ACCOUNTING OFFICE WAS ON LEGAL COMPLIANCE, NOT ON THE ECONOMY, EFFICIENCY, OR EFFECTIVENESS OF GOVERNMENTAL OPERATIONS. THE STANCE OF THE OFFICE-- LIKE THAT OF OTHER AUDITING AND INVESTIGATIVE ORGANIZATIONS-- TILTED HEAVILY TO THE NEGATIVE. ITS SEARCH WAS FOR MISTAKES, MISINTERPRETATIONS, AND MISDEEDS. AS YOU MIGHT IMAGINE, THIS ATTITUDE DID LITTLE TO FOSTER A COOPERATIVE ATMOSPHERE BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES TO IMPROVE FEDERAL FINANCIAL MANAGEMENT.

OVER THE NEXT DECADE OR SO, LESS AND LESS EFFORT WAS DIRECTED TO THE CENTRALIZED CHECKING OF FINANCIAL TRANSACTIONS UNTIL IT VIRTUALLY VANISHED FROM THE SCENE. MORE AND MORE

RELIANCE WAS PLACED UPON THE FEDERAL AGENCIES IN DEVELOPING AND OPERATING THEIR OWN ACCOUNTING SYSTEMS, INCLUDING THE INTERNAL AUDITING OF TRANSACTIONS. INSTEAD, GAO DEVELOPED AND PRESCRIBED STANDARDS FOR AGENCY ACCOUNTING SYSTEMS AND FOR REVIEWING THOSE IN PLACE AND APPROVING OR DISAPPROVING THEM.

DURING THESE YEARS OUR AUDITS FOCUSED INCREASINGLY ON EFFICIENCY AND ECONOMY OF AGENCY OPERATIONS WITH DECLINING EMPHASIS UPON REPORTS STRICTLY FOCUSED ON FINANCIAL ACCURACY AND ADEQUACY OF ACCOUNTS AND ACCOUNTING TECHNIQUES. THEY DEALT MORE WITH: WAS THERE REALLY A NEED FOR THE THINGS AND SERVICES PURCHASED; WERE THE PRICES REASONABLE; WERE THE RESOURCES USED EFFECTIVELY--I.E., THE EFFECTIVENESS OF MANAGEMENT IN GENERAL.

DURING THIS PERIOD, ONLY A FEW AUDITS ASSESSED PROGRAM RESULTS--A PORTENT OF THINGS TO COME. THUS, EVEN AS THE DOMINANCE OF ACCOUNTANTS IN THE GAO STAFF GREW, THE NATURE OF THE WORK GREW FURTHER AND FURTHER OUTSIDE THE ACCUSTOMED DUTIES OF THAT PROFESSION.

TO APPRECIATE THE NEXT MAJOR CHANGE IN GAO REQUIRES A LITTLE POLITICAL BACKDROP. TIMES WERE CHANGING; THE PACE OF LIFE WAS ACCELERATING. THE YEARS BETWEEN THE MID-SIXTIES AND THE MID-SEVENTIES WILL NO DOUBT BE REMEMBERED AS A PERIOD OF GREAT TURBULENCE IN THE UNITED STATES. AT ITS BEGINNING-- WITH A STRONG PUSH FROM PRESIDENT LYNDON JOHNSON'S GREAT

SOCIETY--WAS THE PASSAGE OF MUCH NEW LEGISLATION IN FIELDS OF EDUCATION, HEALTH, WELFARE, AND THE ENVIRONMENT, CIVIL RIGHTS, HOUSING, TRANSPORTATION, URBAN DEVELOPMENT, AND OTHERS. AT THE SAME TIME THERE WAS A GROWING INVOLVEMENT IN AN INCREASINGLY UNPOPULAR WAR.

UNDER REPUBLICAN PRESIDENT RICHARD M. NIXON, CONFLICTS WITH CONGRESS GREW MORE AND MORE BITTER WITH REGARD BOTH TO VIETNAM AND TO HIS EFFORTS TO REDUCE OR ABANDON CERTAIN DOMESTIC PROGRAMS AND THEIR ATTENDANT EXPENDITURES. EVEN BEFORE THE CULMINATING CONFRONTATION ABOUT WATERGATE, CONGRESS WAS TAKING STEPS TO GAIN--OR REGAIN--AUTHORITY AND INITIATIVE OVER THE GOVERNMENT'S ACTIVITIES.

THE VARIOUS INQUIRIES THAT PRECEDED AND FOLLOWED PRESIDENT NIXON'S RESIGNATION MADE IT CLEAR THAT CONGRESS HAD NOT BEEN VERY EFFECTIVE IN ITS OVERSIGHT ROLE. SO IT TOOK STEPS TO STRENGTHEN ITS CAPACITY IN THIS REGARD. ONE OF THESE STEPS WAS TO EVIDENCE ITS GROWING CONCERN ABOUT THE EFFECTIVENESS OF THE VARIOUS PROGRAMS IT HAD ESTABLISHED AND FUNDED NOT ONLY IN TERMS OF MANAGERIAL EFFICIENCY BUT ALSO OF RESULTS MEASURED AGAINST CONGRESSIONAL INTENT. THIS WAS A RESPONSE TO WIDESPREAD CRITICISMS THAT MANY OF THE NEW UNDERTAKINGS OF PRESIDENT JOHNSON WERE NOT ACHIEVING THEIR GOALS. CONGRESSIONAL LEADERS AND MANY OF THE LEGISLATIVE COMMITTEES WERE SOON REQUIRING PROGRAM EVALUATION AS A PART OF SOME SUBSTANTIVE LEGISLATION. FURTHER, IT WAS DIRECTING

THE GENERAL ACCOUNTING OFFICE TO GET INTO THE ACT ON BEHALF OF CONGRESS. LEGISLATION IN 1970 AND 1974 THRUST US FIRMLY INTO PROGRAM EVALUATION.

I MIGHT ADD THAT TO MEET THE CHALLENGES OF THESE INCREASED RESPONSIBILITIES, GAO HAS RECRUITED STAFF WITH BACKGROUNDS OTHER THAN ACCOUNTING AND LAW--STATISTICS, ECONOMICS, OPERATIONS RESEARCH, MEDICINE, COMPUTERS, ETC. IN FACT, ABOUT HALF OF OUR 4,200 PROFESSIONAL STAFF HAVE BACKGROUNDS IN FIELDS OTHER THAN ACCOUNTING. ALSO, CONSULTANTS AND EXPERTS AND OTHER HIGHLY SKILLED SPECIALISTS ARE EMPLOYED AS SPECIFIC TASKS AND CIRCUMSTANCES WARRANT.

TO GIVE YOU AN IDEA OF THE SERVICES TO CONGRESS PROVIDED BY THIS STAFF, LET ME CITE A FEW FIGURES. IN 1978 WE ISSUED 839 REPORTS TO THE CONGRESS; SOME WERE ADDRESSED TO SPECIFIC COMMITTEES OR MEMBERS, AND OTHERS WERE TO THE CONGRESS AS A WHOLE. ANOTHER 297 REPORTS WERE ADDRESSED TO AGENCY OFFICIALS FOR A TOTAL OF 1,126 REPORTS. WE ALSO TESTIFIED 164 TIMES IN 1978 BEFORE CONGRESSIONAL COMMITTEES. THIS TOTAL WILL BE HIGHER FOR 1979, AS WE HAVE ALREADY TESTIFIED 182 TIMES. GAO IS ALSO IN THE BUSINESS OF RENDERING LEGAL OPINIONS, WHICH ARE BINDING ON THE EXECUTIVE BRANCH. WE ISSUED 1,453 OF THESE IN 1978. ALL OF THIS WORK ADDS UP TO SAVINGS FOR THE GOVERNMENT - \$2.5 BILLION OF QUANTIFIABLE SAVINGS IN 1978.

WELL, NOW THAT YOU KNOW ALL ABOUT GAO'S RESPONSIBILITIES, WHAT DO WE DO WITH THEM, AND HOW DO OUR ACCOUNTABILITY EFFORTS

RELATE TO THE EQUALLY BROAD SUBJECT OF "QUALITY CONTROL"? IT SEEMS TO ME THERE ARE MANY SIMILARITIES. A QUALITY CONTROL ENGINEER OR SPECIALIST LOOKS AT THE QUALITY OF CONCEPT AND QUALITY OF DESIGN IN EXAMINING A PRODUCT. HE OR SHE WILL ALSO CHECK THE PRODUCT'S RELIABILITY AND THE SOUNDNESS OF ITS SERVICE CONTRACTS. A HOSPITAL QUALITY ASSURANCE OFFICER LOOKS AT THE EXTENT AND EFFECTIVENESS OF PATIENT CARE, OVERSEES HOSPITAL SAFETY ISSUES, AND IS CONCERNED WITH THE GENERAL ENVIRONMENT OF THE INSTITUTION.

GAO EXAMINES A PROGRAM'S OR POLICY'S CONCEPTS OR DESIGNS AND ALSO TACKLES OVERALL PROGRAM OPERATIONS OR OUTPUTS. SOME OF OUR WORK IS MORE CONCERNED WITH THE "QUALITY" OF THE PROGRAM'S MANAGEMENT, WHILE OTHER WORK ADDRESSES A PROGRAM'S IMPACTS OR OUTPUTS. SOME WORK IS TECHNICAL AND OTHER WORK IS MANAGEMENT/ADMINISTRATION ORIENTED.

LET ME GIVE YOU SOME EXAMPLES.

MONITORING AIR QUALITY
(AIR QUALITY: DO WE REALLY
KNOW WHAT IT IS? CED 79-84)

GAO'S REVIEW OF CURRENT ENVIRONMENTAL PROTECTION AGENCY MONITORING ACTIVITIES IN FIVE CITIES AND ONE COUNTY, AS WELL AS EPA DOCUMENTATION RELATING TO OTHER AREAS, RAISED SERIOUS QUESTIONS ABOUT THE RELIABILITY OF SOME OF THE AIR QUALITY DATA USED IN (1) ASSESSING THE PROGRESS MADE IN ATTAINING NATIONAL AIR STANDARDS, (2) DEVELOPING TRENDS, AND (3) ESTABLISHING CONTROL STRATEGIES. UNTIL A STANDARDIZED,

COMPREHENSIVE AIR MONITORING SYSTEM EXISTS, AIR QUALITY DATA WILL PROVIDE A QUESTIONABLE BASIS FOR THE POLICY DECISIONS BEING MADE.

THE QUALITY AND COMPARABILITY OF AIR DATA DEPENDS ON THREE FACTORS--THE PROPER SITING OF MONITORING STATIONS, RELIABLE AND UNIFORM EQUIPMENT, AND PROPER QUALITY ASSURANCE CONTROLS. USING CRITERIA DEVELOPED BY EPA, GAO FOUND CURRENT AIR MONITORING SEVERELY LACKING IN ALL THREE AREAS.

WATER PROGRAMS

WE HAVE ALSO BEEN CONCERNED WITH EPA'S APPROVAL AND FUNDING OF THE CONSTRUCTION OF VERY EXPENSIVE ADVANCED WASTE TREATMENT FACILITIES FOR MUNICIPAL SEWAGE. MANY COMMUNITIES ARE BEING REQUIRED TO PROVIDE SUCH TREATMENT WITHOUT REASONABLE ASSURANCES THAT THE TREATMENT WILL SIGNIFICANTLY IMPROVE WATER QUALITY. WE QUESTIONED WHETHER ADVANCED WASTE TREATMENT FACILITIES WHICH PROVIDE ONLY MARGINAL WATER QUALITY IMPROVEMENT SHOULD CONTINUE TO BE FUNDED.

SECONDARY TREATMENT PLANTS ARE GENERALLY DESIGNED TO REMOVE 85 PERCENT OF THE POLLUTANTS. REMOVAL OF THE LAST 15 PERCENT THROUGH ADVANCED WASTE TREATMENT COULD COST AT LEAST 5 TIMES AS MUCH AS THE FIRST 85 PERCENT. FOR EXAMPLE, THE COST OF EXPANDING EXISTING CAPACITY AND ADDING ADVANCED TREATMENT CAPABILITIES (THE FINAL 15 PERCENT) AT THE BLUE PLAINS, ALEXANDRIA, AND ARLINGTON, VIRGINIA, FACILITIES IS ESTIMATED TO INCREASE FROM \$160 TO \$650 MILLION.

THE FEDERAL SHARE OF THIS IS \$459 MILLION. OPERATING AND MAINTENANCE COSTS ARE EXPECTED TO INCREASE FROM \$15.6 TO \$90.4 MILLION ANNUALLY. (BETTER DATA COLLECTION AND PLANNING IS NEEDED TO JUSTIFY ADVANCED WASTE TREATMENT CONSTRUCTION, CED-77-12, DECEMBER 21, 1976.)

IN ANOTHER SITUATION IN MARYLAND, ADVANCED WASTE TREATMENT FACILITIES COSTING AN ESTIMATED \$9 MILLION IN FEDERAL FUNDS, WERE PLANNED FOR THE PATUXENT RIVER BASIN. THESE FACILITIES WERE TO REMOVE NITROGEN. OUR REVIEW OF THE INFORMATION USED TO JUSTIFY CONSTRUCTING THESE FACILITIES INDICATED THAT A LESS EXPENSIVE PROGRAM--SUCH AS PHOSPHORUS REMOVAL--MIGHT ALSO BE AS FEASIBLE IN IMPROVING WATER QUALITY IN THE PATUXENT.

AS A RESULT OF OUR QUESTIONS, MARYLAND RE-EVALUATED THE NEED FOR REMOVING NITROGEN AT FOUR FACILITIES AND DECIDED TO DEFER CONSTRUCTING THE NITROGEN REMOVAL PROCESS, THEREBY SAVING \$13.5 MILLION IN FEDERAL FUNDS. MARYLAND OFFICIALS BELIEVED THAT GREATER BENEFITS COULD BE ACHIEVED BY USING THE FUNDS FOR OTHER PURPOSES, SUCH AS UPGRADING PRIMARY TREATMENT FACILITIES TO SECONDARY TREATMENT.

MAJOR SYSTEMS ACQUISITION

I NEED HARDLY MENTION TO THIS AUDIENCE THE PLACE OF QUALITY MANAGEMENT IN THE ACQUISITION OF MAJOR NATIONAL SYSTEMS--SPACE VEHICLES, ENERGY PLANTS, WARPLANES, MISSILE

SHIPS, AND THE LIKE. A TYPICALLY COMPLEX SYSTEM TAKES YEARS TO DEVELOP AND FIELD AT A COST OF SEVERAL BILLION DOLLARS (A GAO REPORT LAST FALL COUNTED 857 MAJOR SYSTEMS THAT WILL COST OVER \$500 BILLION).

THE STAKES ARE INDEED ENORMOUS. THERE IS NO WAY TO RECOUP THE INVESTMENT IF A SYSTEM TURNS OUT TO BE NOT "FIT FOR USE" OR IS OBSOLETE BY THE TURN OF EVENTS. WORSE, AN UNRELIABLE, UNREADY, MAJOR WEAPON, A FRONT LINE FIGHTER AIRCRAFT OR CRUISE MISSILE, FOR INSTANCE, COULD ENDANGER THE COUNTRY'S SECURITY.

GAO DEVELOPS DOZENS OF REPORTS EACH YEAR ON MAJOR CIVIL AND DEFENSE SYSTEMS. MANY CALL ATTENTION TO QUALITY CONTROL PROBLEMS EXEMPLIFIED IN FINDINGS OF LOW RELIABILITY, EXCESSIVE MAINTENANCE, AND POOR DURABILITY. EXPERTS ATTRIBUTE THESE SHORTCOMINGS TO:

- PURSUIT OF TECHNOLOGY MORE COMPLICATED THAN REALLY NEEDED IN SOME INSTANCES; A ZEAL FOR PERFECTION IN THE SYSTEM COMMUNITY,
- A TENDENCY TO "GOLDPLATE" THE NEW SYSTEM WITH NICE-TO-HAVE FEATURES WHICH ADD MORE MAINTENANCE DOWNTIME,
- LACK OF GOOD OPERATIONAL DATA ABOUT HOW SIMILAR SYSTEMS HAVE PERFORMED IN THE FIELD,
- ABSENCE OF THE USER'S VIEW WHEN DESIGN TRADEOFFS ARE CONSIDERED AS IN, SAY, ADDED SOPHISTICATION VERSUS MORE DEPENDABILITY,

--OVERESTIMATING THE OPERATING AND MAINTENANCE
SKILLS OF USER PERSONNEL, THE SOLDIER, SAILOR,
OR AIRMAN OF AVERAGE TRAINING, AND
--HURRIED OR SKIPPED TESTING DURING DEVELOPMENT.

PERHAPS IT CAN BE LIKENED TO DESIGNING A NEW COMMERCIAL
PRODUCT WITHOUT STUDYING THE TRACK RECORD OF SIMILAR ITEMS,
NOT FINDING OUT WHAT THE USER REALLY WANTS AND NEEDS, OR
MARKET-TESTING PROTOTYPES BEFORE GOING INTO PRODUCTION.

I DO NOT MEAN TO OVERSIMPLIFY, HOWEVER. MAJOR SYSTEMS
ARE THE MOST COMPLICATED PRODUCTS IMAGINABLE. THE ACQUISITION
PROCESS IS LONG AND ARDUOUS AND MARKED WITH GREAT UNCERTAINTIES.
THOUSANDS OF DIFFICULT EVEN AGONIZING CHOICES MUST BE MADE.
THERE ARE NO PROCEDURAL PANACEAS. THERE IS, HOWEVER, SUBSTANTIAL
ROOM FOR IMPROVEMENT, WE BELIEVE, IN THE WAY THE PROCESS IS
BUSINESS-MANAGED AND IN HOW KEY RESPONSIBILITIES ARE ASSIGNED.

ANOTHER CRITICAL QUALITY CONTROL AREA IN SYSTEM DEVELOPMENT
HAS BEEN TEST AND EVALUATION. GAO HAS OFTEN FAULTED SYSTEM-
BUYING AGENCIES FOR COMPRESSED OR POSTPONED DEVELOPMENT TESTING,
AND INADEQUATE OR UNREALISTIC FIELD TESTING BEFORE PRODUCTION
BEGINS. THE BULK OF SYSTEM COST IS COMMITTED RATHER IRREVOCABLY
WHEN PRODUCTION IS AUTHORIZED.

WHEN SCHEDULE MILESTONES ARE LIKELY TO BE MISSED, MONEY
BEGINS TO RUN SHORT, OR CONTRACT PENALTIES LOOM UP, THERE IS
THE TEMPTATION TO SHORT-CUT, DOUBLE-UP, OR POSTPONE TESTING
IN THE HOPE THAT DEFECTS WILL BE MINOR AND CAN BE CORRECTED LATER.

A RECENT GAO REVIEW OF THE XM-1 BATTLE TANK, FOR INSTANCE, SHOWS THAT 274 DEFECTS WILL NOT BE CORRECTED--OR TESTED-- BEFORE PRODUCTION BEGINS. (B-163058 TO SECY. DOD, 4/16/79) NASA'S SPACE SHUTTLE PROGRAM HAS BEEN BESET WITH TECHNICAL PROBLEMS DUE IN PART, NO DOUBT, TO COMPRESSED DEVELOPMENT TESTING.

RISKS ARE COMPOUNDED IF THE AGENCY IS ALREADY BUYING LONG LEADTIME PARTS BEFORE THE WHOLE SYSTEM IS SUBSTANTIALLY PROVEN. THE INCREASED RISK IS PRESENT, WE FOUND, IN THE F-18 FIGHTER AIRCRAFT, THE AIR-LAUNCHED CRUISE MISSILE, AND THE BATTLE TANK PROGRAMS. NEW AND EXPENSIVE COMPONENTS ARE BEING BOUGHT, IN QUANTITY, BEFORE OPERATIONAL TESTING OF THESE NEW SYSTEMS TAKE PLACE.

GAO HAS SECONDED THE RECOMMENDATIONS OF THE COMMISSION ON GOVERNMENT PROCUREMENT AND THE PRESIDENT'S BLUE RIBBON PANEL ON THE DEPARTMENT OF DEFENSE WHICH CALL FOR FIELD TESTING OF SYSTEMS UNDER OPERATIONAL CONDITIONS. FOR WEAPON SYSTEMS, WE BELIEVE THAT THE TEST ENVIRONMENT SHOULD APPROXIMATE THE REAL WORLD OF COMBAT; CRAFTY, WELL-EQUIPPED PSEUDO-ENEMY FORCES, VARIOUS TERRAINS, TYPICAL ELECTRONIC JAMMING INTENSITIES, NIGHT AND BAD WEATHER ATTACKS, AND TACTICAL IMAGINATION ON BOTH SIDES.

QUALITY CONTROL ISSUES IN THE
HOSPITAL CARE AREA

ASSURING THAT PEOPLE HAVE ACCESS TO GOOD QUALITY HEALTH CARE WITHOUT UNDULY INTERFERING WITH THE PRACTICE OF MEDICINE--

THIS IS A CHALLENGE THAT CONSTANTLY CONFRONTS THE HEALTH PROFESSION AND THE GOVERNMENT. IT IS ALSO AN ISSUE THAT WE AT GAO MUST ADDRESS EVERY DAY AS WE WORK TO ASSURE THAT FEDERAL AND FEDERALLY-SPONSORED HEALTH PROGRAMS ARE EFFECTIVE AND ECONOMICAL.

GENERALLY, WE HAVE ADDRESSED THE QUALITY ISSUE BY EVALUATING THE ADEQUACY OF HEALTH CARE FACILITIES, SYSTEMS, STAFF, AND PROCEDURES. IN DOING THIS, WE RELY HEAVILY ON CRITERIA ESTABLISHED BY THE MEDICAL PROFESSION AND FEDERAL AGENCIES. THESE CRITERIA HELP US GUAGE THE EXTENT TO WHICH QUALITY HEALTH CARE IS DELIVERED OR TO ASSURE THAT OUR RECOMMENDATIONS WILL NOT RESULT IN REDUCED QUALITY OF CARE. THIS IS ESPECIALLY IMPORTANT BECAUSE MANY OF OUR RECOMMENDATIONS DEAL WITH WAYS TO INCREASE THE EFFECTIVENESS OF AND CONTROL THE COSTS OF HEALTH CARE DELIVERY.

A FEW EXAMPLES OF OUR REPORTS ON VARIOUS ASPECTS OF HEALTH CARE DELIVERY HELP TO ILLUSTRATE THIS POINT:

--WE REPORTED THAT MANY DOD AND VA CARDIAC CATHE-
TERIZATION LABORATORIES WERE BEING USED MUCH
LESS THAN WAS RECOMMENDED BY MEDICAL PROFESSIONAL
ORGANIZATIONS AND VA. ALSO, SOME FEDERAL PHYSICIANS
WERE NOT PERFORMING ENOUGH CATHETERIZATIONS TO MAINTAIN
THEIR PROFICIENCY. WE RECOMMENDED THAT CERTAIN
LABORATORIES BE CLOSED AND THAT OTHERS BE SHARED

AMONG FEDERAL HEALTH CARE PROVIDERS. ("SHARING
CARDIAC CATHETERIZATION SERVICES: A WAY TO IMPROVE
PATIENT CARE AND REDUCE COSTS," HRD-78-14 11/17/77.)
--EARLY THIS YEAR WE REPORTED ON HOW FEDERAL HOSPITALS
PROVIDE CANCER TREATMENT. WE RECOMMENDED THAT DOD,
VA, AND HEW EXPLORE OPPORTUNITIES FOR SHARING
RADIATION THERAPY FACILITIES. WE ALSO RECOMMENDED
THAT VA REEVALUATE ITS USE STANDARDS FOR RADIATION
THERAPY EQUIPMENT, THEREBY ASSURING THAT ITS EQUIPMENT
WOULD NOT CONTINUE TO BE UNDERUSED. ("FEDERAL
HOSPITALS COULD IMPROVE CERTAIN CANCER TREATMENT
CAPABILITY BY SHARING," HRD-79-42, 2/7/79.)

AS A RESULT OF THESE TWO REPORTS, THE AGENCIES INVOLVED
ESTABLISHED THE FEDERAL HEALTH RESOURCE SHARING COMMITTEE,
WHICH IS LOOKING INTO WAYS TO CONSOLIDATE EXISTING SERVICES.
THE GROUP HAS BEEN MOST EFFECTIVE, TO DATE, IN COORDINATING
FUTURE PLANS, BUT IS COMMITTED TO EVENTUALLY SHARING EXISTING
HEALTH SERVICES WHENEVER FEASIBLE.

--WE POINTED OUT MANY PLACES WHERE FEDERAL HEALTH CARE
SERVICES COULD BE SHARED, FROM A MEDICAL STANDPOINT,
AMONG DOD, VA, AND HEW HEALTH CARE FACILITIES IN
WAYS THAT WOULD REDUCE FEDERAL HEALTH CARE COSTS AND
ENHANCE PATIENT CARE. WE ALSO REPORTED ON SEVERAL
LEGISLATIVE AND ADMINISTRATIVE OBSTACLES WHICH

PRECULUED OR INHIBITED SUCH SHARING AND WE
PROPOSED LEGISLATION TO OVERCOME THESE OBSTACLES.
("LEGISLATION NEEDED TO ENCOURAGE BETTER USE OF
FEDERAL MEDICAL RESOURCES AND REMOVE OBSTACLES TO
INTERAGENCY SHARING," HRD-78-54, 6/14/78.)

UNFORTUNATELY, NO LEGISLATION HAS BEEN PROPOSED.

--IN AUGUST, WE ISSUED A REPORT ENTITLED "MILITARY
MEDICINE IS IN TROUBLE: COMPLETE REASSESSMENT
NEEDED." (HRD 79-107, 8/16/79.) IN IT, WE DISCUSSED
HOW PROBLEMS IN THE MILITARY MEDICAL CARE SYSTEM--
ARE DECREASING THE AVAILABILITY AND QUALITY OF CARE
PROVIDED TO DOD'S BENEFICIARIES, DAMAGING THE
MORALE OF MILITARY DOCTORS, AND HINDERING OPERATIONS
OF MEDICAL FACILITIES. IN SHORT, WE FOUND THAT, BY
TRYING TO BE ALL THINGS TO ALL ITS BENEFICIARIES,
DOD HAS FALLEN SHORT OF SATISFYING ITS RESPONSIBILITIES
TO ANY BENEFICIARY CATEGORY--INCLUDING ACTIVE-DUTY
MEMBERS AND THEIR FAMILIES. WE HAVE RECOMMENDED TO
THE CONGRESS AND DOD SEVERAL WAYS TO ALLEVIATE THESE
SERIOUS PROBLEMS.

THESE EXAMPLES ILLUSTRATE HOW WE DEAL WITH THE QUALITY
OF CARE QUESTION AS WE DO OUR WORK IN THE HEALTH CARE DELIVERY
AREA. WE ARE ALSO CONTINUOUSLY INVOLVED IN REVIEWS OF HOW
AGENCIES RESPONSIBLE FOR HEALTH CARE REGULATION AND FINANCING
DEAL WITH QUALITY CONTROL QUESTIONS. FOR EXAMPLE, WE HAVE

ISSUED MANY REPORTS ON THE ACTIVITIES OF THE FOOD AND DRUG ADMINISTRATION, THE MEDICARE AND MEDICAID PROGRAMS, AND THE HEALTH CARE FINANCING ACTIVITIES OF THE CHAMPUS AND FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAMS. IN ALL OF OUR WORK, WE ARE MINDFUL OF THE NEED TO STRIKE AN APPROPRIATE BALANCE BETWEEN CONTROLLING HEALTH CARE COSTS AND MAINTAINING HIGH STANDARDS OF QUALITY.

WORK DONE ON IRS' QUALITY CONTROLS

SOME OF OUR WORK AT THE INTERNAL REVENUE SERVICE (IRS) IS DIRECTLY RELATED TO ACCOUNTABILITY AND QUALITY CONTROL. FOR EXAMPLE, OF ALL ITS ENFORCEMENT ACTIVITIES, IRS CONSIDERS THE AUDIT OF TAX RETURNS TO BE THE GREATEST STIMULUS TO VOLUNTARY COMPLIANCE--THAT IS, THE ABILITY AND WILLINGNESS OF TAXPAYERS TO ACCURATELY ASSESS THEIR TAXES. DURING FISCAL YEAR 1978, IRS AUDITED ABOUT 2.8 MILLION TAX RETURNS RESULTING IN OVER \$6.3 BILLION IN RECOMMENDED ADDITIONAL TAXES AND PENALTIES. AT THE END OF FISCAL YEAR 1978, ABOUT 30 PERCENT OF IRS' PERSONNEL WERE INVOLVED IN THE AUDIT FUNCTION.

OUR CONCERNS IN THIS AREA PARALLEL THE CONCERNS SO OFTEN VOICED BY TAXPAYERS, THE NEWS MEDIA AND THE CONGRESS. FOR EXAMPLE:

--ARE IRS' PROCEDURES, PRACTICES, AND CONTROLS ADEQUATE TO INSURE THAT THE RETURNS MOST NEEDING AUDIT ARE SELECTED FOR AUDIT?

--IS SUFFICIENT AUDIT EFFORT DIRECTED AT ALL TYPES
AND CLASSES OF TAXPAYERS?

--DOES THE AUDIT PROCESS PROVIDE FOR EQUITABLE
TREATMENT OF ALL TAXPAYERS?

ONE EFFORT CONCERNING THE QUALITY OF IRS' AUDITS WAS A
BROADBASE STUDY OF THE IRS POST-AUDIT REVIEW SYSTEM--THE
HEART OF QUALITY CONTROL WITHIN IRS' AUDIT FUNCTION. THAT
EFFORT IDENTIFIED TECHNIQUES THAT COULD BE USED TO ASSESS
AUDIT QUALITY, THUS ENABLING US TO GO BEYOND A PROCEDURAL
EVALUATION OF THE QUALITY CONTROL SYSTEM. USING THESE
TECHNIQUES, WE LAUNCHED A STUDY WITH A TWO-FOLD OBJECTIVE--
TO EVALUATE THE QUALITY OF THE AUDITS BEING DONE BY IRS AND TO
EVALUATE THE QUALITY CONTROL SYSTEM'S EFFECTIVENESS IN
IDENTIFYING AND CORRECTING LESS THAN QUALITY AUDITS. THE
STUDY FOCUSED ON INDIVIDUAL TAX RETURNS AUDITED BY TAX
AUDITORS THROUGH IRS' OFFICE AUDIT PROGRAM--THAT IS, THE AUDIT
WAS DONE BY CORRESPONDENCE OR THROUGH AN INTERVIEW CONDUCTED
IN AN IRS OFFICE. THESE AUDITS ACCOUNTED FOR 65 PERCENT OF ALL
INDIVIDUAL RETURNS AUDITED BY IRS DURING FISCAL YEAR 1978.
EACH OF THE AUDIT CASES IN OUR SAMPLE HAD PASSED THROUGH
IRS' QUALITY CONTROL SYSTEM BEFORE WE REVIEWED IT. THE GIST
OF OUR FINDINGS WAS THAT THE QUALITY OF IRS' AUDITS NEEDS TO BE
IMPROVED AND ITS QUALITY CONTROL SYSTEM IS NOT AS EFFECTIVE AS
IT SHOULD BE. THE QUALITY CONTROL SYSTEM, IN FACT, LED IRS TO
ERRONEOUSLY BELIEVE THAT QUALITY WAS NOT IN NEED OF IMPROVEMENT.

IRS HAS ALREADY TAKEN SOME ACTIONS TO IMPROVE AUDIT QUALITY AND ITS QUALITY CONTROL SYSTEM, AND IS PLANNING OTHERS. WE MADE A NUMBER OF RECOMMENDATIONS WHICH IRS IS INCLUDING IN THOSE PLANS.

NUCLEAR ISSUES

IN RECENT REVIEWS GAO HAS DEVOTED A CONSIDERABLE AMOUNT OF EFFORT TO TRYING TO ANSWER THE QUESTION "HOW AGGRESSIVELY IS THE NUCLEAR REGULATORY COMMISSION (NRC) REGULATING AND INSPECTING THE NUCLEAR INDUSTRY TO PROTECT PUBLIC HEALTH AND SAFETY?" THIS QUESTION HAS BECOME INCREASINGLY RELEVANT AS PUBLIC CONCERN HAS FOCUSED ON NRC AND THE NUCLEAR INDUSTRY SINCE THE THREE MILE ISLAND ACCIDENT.

MUCH OF OUR WORK ON THIS QUESTION HAS CENTERED ON ISSUES RELATED TO THE QUALITY CONTROL AND QUALITY ASSURANCE INVOLVED IN THE CONSTRUCTION OF NUCLEAR POWERPLANTS.

ONE OF THE BEST EXAMPLES OF OUR WORK IN THIS AREA IS OUR EVALUATION OF NRC'S PROGRAMS FOR INSPECTING NUCLEAR POWERPLANTS UNDER CONSTRUCTION AND THE FIRMS THAT SUPPLY SAFETY-RELATED REACTOR COMPONENTS. ("THE NUCLEAR REGULATORY COMMISSION NEEDS TO AGGRESSIVELY MONITOR AND INDEPENDENTLY EVALUATE NUCLEAR POWERPLANT CONSTRUCTION," EMD-78-80, 9/7/78.)

CONSTRUCTING A NUCLEAR POWERPLANT CAN EMPLOY SEVERAL THOUSAND CONSTRUCTION WORKERS 24 HOURS A DAY, 7 DAYS A WEEK.

THEY WILL

- MAKE ABOUT 25,000 WELDS,
- POUR ABOUT 360,000 TONS OF CONCRETE, AND
- USE 726 TONS OF COPPER AND 34,622 TONS OF IRON.

THUS, THE NEED FOR GOOD QUALITY CONTROL AND QUALITY ASSURANCE IS OBVIOUS.

ALTHOUGH NRC IS RESPONSIBLE FOR ASSURING THAT NUCLEAR POWERPLANTS ARE CONSTRUCTED SAFELY, WE FOUND THAT IT DOES LITTLE ACTUAL OBSERVANCE OR INDEPENDENT TESTING OF CONSTRUCTION WORK. INSTEAD, NRC REQUIRES THAT THE UTILITY COMPANY LICENSED TO BUILD THE PLANT ESTABLISH AND CARRY OUT A QUALITY ASSURANCE PROGRAM. HOWEVER, WE NOTED THAT THE UTILITIES RELY VERY HEAVILY ON THEIR CONSTRUCTION CONTRACTOR TO EVALUATE ITS OWN WORK AND IDENTIFY POOR CONSTRUCTION PRACTICES, DEFECTS, AND OTHER IRREGULARITIES. WHEN CONSTRUCTION PROBLEMS ARE IDENTIFIED, THE CONTRACTOR NORMALLY DECIDES WHAT CORRECTIVE ACTION, IF ANY, IS REQUIRED; PERFORMS THE CORRECTIVE ACTION; REINSPECTS THE REWORK; AND ACCEPTS THE REWORK. THE UTILITY GENERALLY HAS ONLY A SMALL QUALITY ASSURANCE STAFF TO MONITOR AND AUDIT THE CONTRACTOR'S ACTIVITIES.

THE NRC INSPECTORS SPEND MUCH OF THEIR ON-SITE TIME REVIEWING THE MASS OF DOCUMENTATION MAINTAINED AT THE CONSTRUCTION SITE AND ASSESSING THE UTILITY COMPANY'S AUDIT REPORTS TO TEST THE QUALITY ASSURANCE PROGRAM AND TO ASSURE THAT IT IS WORKING WELL ENOUGH TO INSURE PROPER CONSTRUCTION. WE FOUND THAT EACH NRC INSPECTOR SPENDS ABOUT 4 WORKING DAYS PER YEAR OBSERVING TESTS OF COMPONENTS OR SYSTEMS BY THE UTILITY OR

ITS CONTRACTOR. EXCEPT FOR SOME SIMPLE MEASURING DEVICES, NRC DOES NOT HAVE THE EQUIPMENT NECESSARY TO PERFORM MOST TYPES OF TESTING.

WE CONCLUDED THAT NRC'S INSPECTION PROCEDURES NEED TO BE CHANGED TO PROVIDE A MORE THOROUGH AND INDEPENDENT EVALUATION OF THE QUALITY OF POWERPLANT CONSTRUCTION WORK. WITHOUT SUCH AN EVALUATION, THE COMMISSION HAS TO RELY EXCESSIVELY ON THE CREDIBILITY AND VALIDITY OF EVALUATIONS MADE BY UTILITY COMPANIES AND THEIR CONTRACTORS AND CANNOT INDEPENDENTLY ASSURE THAT POWERPLANTS ARE BEING CONSTRUCTED ADEQUATELY.

WE RECOMMENDED AND NRC AGREED THAT IT SHOULD IMPROVE THE INDEPENDENCE AND SCOPE OF ITS INSPECTIONS BY INCREASING INDEPENDENT MEASUREMENTS AND DIRECT OBSERVATIONS OF CONSTRUCTION WORK.

THIS REPORT ALSO RECOMMENDED SEVERAL OTHER IMPROVEMENTS IN NRC'S INSPECTION PRACTICES AND THE USE OF ITS INSPECTORS.

COMBATING FRAUD AND WASTE

ANOTHER, PERHAPS OUR LARGEST, AREA OF CONCENTRATION IN THE "QUALITY CONTROL/ACCOUNTABILITY" AREA IS REPRESENTED BY OUR EFFORTS TO COMBAT FRAUD AND WASTE IN FEDERAL PROGRAMS. AS YOU KNOW, THE LOSS TO THE TAXPAYER THROUGH FRAUD IS GREAT, PERHAPS \$25 BILLION A YEAR. EARLY THIS YEAR WE ESTABLISHED A SPECIAL TASK FORCE FOR THE PREVENTION OF FRAUD. THE MAJOR RESPONSIBILITIES OF THIS GROUP ARE TO

--EVALUATE THE ADEQUACY OF THE MANAGEMENT CONTROL SYSTEMS IN FEDERAL AGENCIES THAT ARE NECESSARY

FOR THE PREVENTION OF FRAUD, AND
--ASSESS THE ADEQUACY OF THE FOLLOW-UP CORRECTIVE
ACTIONS TAKEN ON REPORTS OF AUDITORS AND
INVESTIGATORS.

IN CONJUNCTION WITH THE TASK FORCE, WE ESTABLISHED A
"HOTLINE," A TOLL-FREE NUMBER (800-424-5454) AVAILABLE TO
ANYONE. OF THE APPROXIMATELY 6,425 ALLEGATIONS WHICH WE
HAVE BEEN ABLE TO WRITE UP AND CODE FOR COMPUTER ANALYSIS,
ABOUT 64 PERCENT APPEAR TO WARRANT INVESTIGATION OR AUDIT.
WE CATEGORIZED ABOUT 35 PERCENT AS MISMANAGEMENT AND
65 PERCENT AS INTENTIONAL WRONGDOING. AFTER DETERMINING WHETHER
AN ALLEGATION TRULY REPRESENTS WRONGDOING, THE TASK FORCE TURNS
OVER THE INFORMATION TO THE JUSTICE DEPARTMENT OR THE
APPROPRIATE AGENCY INSPECTOR GENERAL.

THE HOTLINE CALLS HAVE COME FROM EVERY STATE AND THE
DISTRICT OF COLUMBIA, AND HAVE TOUCHED ON NEARLY EVERY ASPECT
OF FEDERAL ACTIVITIES. MANY DEALT WITH HOW FEDERAL GRANT
FUNDS ARE USED. SOME SPECIFIC EXAMPLES INCLUDE:

AN ALLEGATION WAS RECEIVED THAT LAND VALUES WERE
BEING SIGNIFICANTLY OVERSTATED IN A GET-RICH SCHEME
RELATED TO AN APPLICATION FOR URBAN RENEWAL HOUSING.
THE INSPECTOR GENERAL WAS CONTACTED, THE APPLICATION
LOCATED, AND MARKED TO REQUIRE SPECIAL CARE IN THE
LAND APPRAISAL PROCESS. GAO AND THE AGENCY INSPECTOR
GENERAL WILL CONTINUE TO MONITOR THE CASE.

ANOTHER CALL ALLEGED THAT DOCUMENTS REQUIRED BY HEW AUDITORS IN CONNECTION WITH AN AUDIT AT A SITE FUNDED BY HEW'S REHABILITATION SERVICES ADMINISTRATION WERE BEING ALTERED PRIOR TO BEING TURNED OVER TO THE AUDITORS. THE HEW INSPECTOR GENERAL'S OFFICE WAS CONTACTED AND THE AGENCY AUDITORS AT THE SITE WERE ALERTED.

YET ANOTHER CALLER SAID THAT THE HOLDER OF A GSA MOTOR POOL CREDIT CARD WAS SUPPORTING HIS DRUG HABIT BY FALSIFYING AUTOMOBILE FUEL CHARGES. THE ACTIVITY WAS SAID TO HAVE BEEN GOING ON FOR 2 YEARS WITH SUBSTANTIAL ILLEGAL CHARGES ACCUMULATED TO DATE. VERIFICATION OF THE VALIDITY OF THE ALLEGATION AND THE COLLECTION OF SUPPORTING EVIDENCE APPEARS TO SUPPORT THE ALLEGATION.

WHILE THE EFFORTS OF THE GENERAL ACCOUNTING OFFICE, THE INSPECTORS GENERAL, AND OTHER EXECUTIVE AGENCY AUDIT GROUPS WILL HELP DECREASE FRAUD AND WASTE, IN MY OPINION, THE BEST INSPECTOR GENERAL SYSTEM, THE BEST AUDIT, THE BEST INVESTIGATING SYSTEM THAT CAN BE DEvised WILL BE OF LITTLE USE IF MANAGEMENT DOES NOT BECOME AN ACTIVE PARTNER IN THE PROCESS OR FAILS TO USE THE NECESSARY CONTROLS.

THUS, PREVENTION IS OUR OFFICE'S TOP PRIORITY IN THE FIGHT AGAINST FRAUD; BY TAKING THE LEAD AT THE NATIONAL LEVEL WE HOPE TO PREVENT FRAUD, ABUSE, AND WASTE FROM OCCURRING IN THE FIRST PLACE; IT'S BETTER THAN COMING ALONG LATER TO CLEAN UP MISTAKES.

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AS YOU CAN SEE, GAO'S ROLE IN ENHANCING GOVERNMENT ACCOUNTABILITY IS QUITE BROAD. IN FACT, THE ISSUES WE ADDRESS ARE MUCH BROADER THAN THOSE MENTIONED HERE, AS THESE WERE SOMEWHAT TAILORED TO WHAT I PERCEIVED YOUR INTERESTS TO BE.

IT IS UNLIKELY OUR ROLE WILL LESSEN, PARTICULARLY GIVEN THE CONTINUED INTEREST IN SUNSET PROPOSALS (WHICH, IF IMPLEMENTED, WOULD REQUIRE THAT PROGRAMS END BY A CERTAIN DATE UNLESS SPECIFICALLY CONTINUED BY CONGRESS), EFFORTS TO INCREASE FEDERAL PRODUCTIVITY, AND OTHER ISSUES/PROPOSALS WHICH DEAL WITH THE NEED TO USE OUR LIMITED RESOURCES TO MEET THE SEEMINGLY ENDLESS DEMANDS PLACED ON GOVERNMENT. WHILE DECISIONS ABOUT WHICH OF THESE DEMANDS TO MEET MAY VARY WITH CHANGING PRIORITIES, EVALUATING HOW WELL THOSE PRIORITIES-TURNED-PROGRAMS ARE OPERATING IS A CONTINUING ACCOUNTABILITY RESPONSIBILITY. AFTER ALL, INSTILLING AND MAINTAINING HIGH QUALITY (TECHNICALLY AND MANAGERIALLY) IN GOVERNMENT PROGRAMS IS NO LESS IMPORTANT THAN ACHIEVING GOOD QUALITY CONTROL IN THE PRIVATE SECTOR.