Regional Offices and the Field Operations Division

Interview With
Francis X. Fee,
Walter H. Henson, and
Hyman L. Krieger
The History Program of the General Accounting Office (GAO) uses oral history interviews to supplement documentary and other original sources of information on GAO's past. These interviews help provide additional facts and varying perspectives on important past events. Transcripts of the interviews, as well as the audiotapes and videotapes, become important historical documents themselves and are used in the preparation of written histories of GAO, in staff training, and for other purposes.

Although the transcripts are edited versions of the original recording, we try to preserve the flavor of the spoken word. It should be understood that the transcripts reflect the recollections, impressions, and opinions of the persons being interviewed. Like all historical sources, they need to be analyzed in terms of their origins and corroborated by other sources of information. The transcripts in themselves should not necessarily be considered definitive in their treatment of the subjects covered.

GAO's field operations began through fieldwork of the Office of Investigations (1922-1956). During the New Deal period of the 1930s and during World War II, field operations expanded as GAO was called upon to audit New Deal agricultural programs and war contracts. In 1952, reflecting the growing importance of field audits, Comptroller General Lindsay C. Warren created the modern regional office system originally with offices in 23 cities, now 14. The Field Operations Division (FOD), established in 1956 at GAO's Washington headquarters, lasted until 1982, when regional managers began to report directly to the Comptroller General.

Francis X. Fee, Walter H. Henson, and Hyman L. Krieger all served as regional managers and as directors or deputies in FOD. Through this interview, conducted on December 14, 1989, we can trace many significant aspects of regional operations over a period of almost 30 years, beginning in the mid-1950s.

Werner Grosshans
Assistant Comptroller General
for Policy
Mr. Francis X. Fee served on the staff of the U.S. General Accounting Office (GAO) from 1963 to 1986. He served in the Civil and the Resources and Economic Development Divisions in Washington, D.C., during the first 9 years. In 1972, he was selected to participate in the President's Executive Exchange Program, working a full year with the American Telephone and Telegraph Company in New York City. Upon his return to GAO, Mr. Fee was appointed Assistant Regional Manager of the Philadelphia Regional Office. He became the Regional Manager of the New York Office in 1976 and returned to Washington, D.C., as Director of the Field Operations Division (FOD) in 1979. Mr. Fee served as Assistant Comptroller General for Operations from 1982 until 1986, when he left GAO to become the Executive Director of a major national law firm.

Mr. Walter H. Henson served on GAO's staff from 1957 to 1985. Initially, he joined the Seattle Regional Office and assumed increasing audit responsibilities leading to his appointment in 1964 as Regional Manager of the New Orleans Office. In 1970, Mr. Henson became Regional Manager of the Norfolk Office. He assumed the role of Deputy Director, FOD, in Washington, D.C., in 1976 and returned to Seattle in 1979, where he served as Regional Manager until his retirement in 1985.

Mr. Hyman L. Krieger joined GAO in 1946. Except for service when recalled to the Army from 1950 to 1954, he remained at GAO until his retirement in 1980. His early assignments were in Washington, D.C., in the Corporation Audits Division and the Division of Audits and on the Office of Policy staff. In 1956, Mr. Krieger became the Regional Manager of the Chicago office and, in 1959, he was appointed Regional Manager in New York. He served as Director of GAO's Northeast District in 1961 and returned to Washington, D.C., in 1962 to assume the role of Deputy Director of FOD. Mr. Krieger then headed the Los Angeles Regional Office from 1966 to 1971, when he took over the leadership of the Washington Regional Office. From 1975 until his retirement, he was the Director of the Federal Personnel and Compensation Division.
Interviewers

Henry Eschwege

Henry Eschwege retired in March 1986 after almost 30 years of service in GAO under three Comptrollers General. He held increasing responsibilities in the former Civil Division and became the Director of GAO's Resources and Economic Development Division upon its creation in 1972. He remained the Director after the Division was renamed the Community and Economic Development Division. In 1982, he was appointed Assistant Comptroller General for Planning and Reporting.

Werner Grosshans

Werner Grosshans is the Assistant Comptroller General for Policy. He began his diversified career as a government auditor in 1958 in the San Francisco Regional Office and held positions of increased responsibility; he was appointed Assistant Regional Manager in 1967. In July 1970, he transferred to the U.S. Postal Service as Assistant Regional Chief Inspector for Audits. In this position, he was responsible for the audits in the 13 western states. In October 1972, he returned to GAO to the Logistics and Communications Division. In 1980, he was appointed Deputy Director of the Procurement, Logistics, and Readiness Division, and in 1983, he was appointed Director of Planning in the newly created National Security and International Affairs Division. In 1985, he became Director of the Office of Program Planning, where he remained until 1986, when he assumed responsibility for GAO's Office of Policy.

Roger R. Trask

Roger R. Trask became Chief Historian of GAO in July 1987. After receiving his Ph.D. in History from the Pennsylvania State University, he taught between 1959 and 1980 at several colleges and universities, including Macalester College and the University of South Florida; at both of these institutions, he served as Chairman of the Department of History. He is the author or editor of numerous books and articles, mainly in the foreign policy and defense areas. He began his career in the federal government as Chief Historian of the U.S. Nuclear Regulatory Commission (1977-1978). In September 1980, he became the Deputy Historian in the Historical Office, Office of the Secretary of Defense, where he remained until his appointment in GAO.
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December 14, 1989

Introduction

Good morning and welcome back to the General Accounting Office [GAO] on this Thursday, December 14, 1989. Frank Fee, we’re happy to see you come in from Philadelphia; Hy Krieger, nice to see you back in GAO; and Dick [Walter H.] Henson, thanks for coming all the way from Seattle to be with us today.

I’d like to introduce the people who have joined me to discuss with you today the activities of the Field Operations Division [FOD] and the regional offices: Werner Grosshans, Assistant Comptroller General for Policy, and Dr. Roger Trask, who is the Chief Historian for the General Accounting Office.

About one-third of GAO’s current staff resources are in its regional offices throughout the United States. They are an indispensable part of GAO’s lifeline and provide an important perspective—not readily available, I might say, here in Washington, D.C.—as to how the government’s programs and activities are being carried out in the various sectors of our country. The regional staffs have also become a prime planning resource for identifying the vital issues to be addressed in GAO audits and reviews.

Today, we want to focus on the responsibilities and the activities of these field resources and how they evolved from the 1940s to the 1980s. Our three interviewees have had leading roles in GAO regional offices and in the former Washington-based Field Operations Division. In total, these gentlemen, at one time or another, managed 9 of GAO’s regional offices, which today number 14 offices.

So, before we get into the substance of our discussion today, I would like each one of you to give us a brief sketch of how you got to GAO, your educational background, and some of the major responsibilities that you had while you were in GAO. If you’d like, you might also discuss under what circumstances you left GAO.
Biographical Information

Mr. Fee

I joined the General Accounting Office on July 1, 1963, after I graduated from Villanova University. I graduated with a bachelor of science degree in economics with a major in accounting. I joined GAO at that time and decided to come to Washington for two reasons. One, it sounded exciting and interesting when I was talking to the interviewer. He gave the impression that the job would be anything but routine. Second, the other interviewers that I had met with in public accounting firms tended to describe work of a very routine nature, involving at first audits of accounts receivable and then audits of accounts payable, and so forth.

I was assigned to what was the Civil Accounting and Auditing Division—later known as the Civil Division—and worked at various audit sites over the next 8 or 9 years. I ended up at the Department of Transportation with responsibility for the Federal Highway Administration, the Federal Railroad Administration, and the Urban Mass Transit Administration. I also spent time at the National Science Foundation and the Department of the Interior.

In 1972, I was granted a year’s leave of absence from GAO and participated in the President’s Executive Exchange Program. The program took me to AT&T [American Telephone and Telegraph] in New York City for 1 year. I worked in AT&T’s corporate planning (long-range) section.

On returning to Washington in 1973, I was asked by Stu [Stewart] McElvea [Deputy Director, FOD] to go to Philadelphia. I spent the next 2-1/2 years or so as an Assistant Regional Manager in Philadelphia.

In 1976, I returned to New York as the Manager of the New York Office. In 1979, I returned to Washington as Director of the Field Operations Division.

In 1982, [Comptroller General] Chuck [Charles A.] Bowsher reorganized his operation after he had been here about a year and created the position of Assistant Comptroller General for Operations. He abolished the old FOD and began to integrate GAO’s operations both in Washington and in the regions.
I left GAO in 1986, not because of any dissatisfaction with the General Accounting Office but to take advantage of an outstanding opportunity as Executive Director of a major national law firm.

Mr. Krieger

My joining GAO was one of those odd situations that I think occur in many lifetimes. I came to Washington after being discharged from the Army in February 1946, intending to get my master's degree in foreign affairs at Georgetown University. I couldn't enter Georgetown University until the fall and needed a job to tide me over until that time.

I met an old friend who told me that GAO was hiring people with prior public accounting background. I had been in public accounting in 1941 before entering the Army in 1942.

I was interviewed by GAO at that time. I think I may have been about the 20th or 25th employee in the Corporation Audits Division, which was just being organized. The key people there were from the public accounting community, retired partners from CPA [certified public accountants] firms, and former public accounting personnel who had served in the military.

I worked in the Corporation Audits Division until 1950 when I was recalled to active duty during the Korean War. The division was abolished—or, it could be said, absorbed the remaining GAO audit activities—with the creation [in 1952] of the Division of Audits headed by Ted Westfall and then by Bob Long.

I returned to GAO in 1954 and worked in both the audit and policy areas. My major audit assignment was working with Phil Charam on the General Services Administration audit.

In the Office of Policy, I worked for Ellsworth Morse on early policy statements and the effort to systematize the job-planning processes as the integration of the expanding field staff had become a critical concern.

In 1956, I was asked to go to Chicago to manage the GAO Regional Office there. I managed the Chicago Office until 1959; then I moved to the New York Regional Office and remained there until the end of 1961. I was given an assignment by the Comptroller General, Joseph Campbell, to evaluate the feasibility and the utility of operating district offices and, for a period of about 4 months, I did this as District Manager with responsibility for overall management of the New York and Boston
Regional Offices. The entity I headed up was known as the Northeast District and it was thought that the office could well be a prototype for application throughout FOD.

I concluded that there was little merit in an operation of this sort—a career-limiting act on my part because it was Joe Campbell's idea to create those offices. I recall briefing Mr. Campbell on the results of my study and his saying in effect: "Fine, you're moving to Washington." So, in effect, that caused my relocation to Washington as a Deputy to John Thornton [Director, FOD]. I worked with John from 1962 to 1966.

I moved to Los Angeles in 1966 to manage the Los Angeles Regional Office. I returned to Washington in 1971 and managed the Washington Regional Office from 1971 to 1975.

Mr. Eschwege: That was newly created then?

Mr. Krieger: No. It was Joe Campbell's idea to establish the Washington Regional Office. John Thornton and I were his agents in bringing it into existence as part of FOD. I was tasked with the initial development of a plan for the office and John and I negotiated with the divisions for staff to provide the nucleus for the creation of the office. But, to go back in history, Don Scantlebury was the first Manager of the Washington Regional Office.

Then I was asked to come into headquarters to manage the Federal Personnel and Compensation Division. I was with that organization until 1981. I had intended to retire in 1980, but Elmer Staats suggested that I stay through the end of his term. Primarily, I thought it was time for somebody else to move in, there were many capable people, and there were other things I wanted to do at that time.

As I said, my career with GAO was a very fortuitous development—the result of a casual meeting of an old friend. One sidelight is that I never pursued the master's in foreign affairs, although I did pass the Foreign Service entrance exams. At the time that I had to make a decision about entering the Foreign Service, I was enjoying GAO so much that I just thought this was where I wanted to spend my career. I have never had any regrets. As a matter of fact, if you are recruiting for staff, I am available now.
Mr. Eschwege

I think that's a good synopsis. I just want to mention that you did go to City College in New York and got your Bachelor of Business Administration there. You did attend George Washington University for a while, and you are a CPA in North Carolina and Illinois?

Mr. Krieger

Right.

Mr. Henson

Well, I don't go back as far as Hy does, but I do go back further than Frank.

I signed up in the regular Army after World War II, mainly to get over to Europe rather than the Pacific. I met my wife there. I got out in 1949 and started studying at the University of Illinois. Like Hy, I had a brief break—15 months in Korea—and came back and finished my school work and got my degree in 1954.

I interviewed with only public accounting firms because that's where I wanted to be. The Chicago office of Price Waterhouse hired me, and then it transferred me to Seattle at my request because my wife's only living relatives had immigrated to British Columbia. I spent the next 3 years or so with Price Waterhouse.

I had never heard of the General Accounting Office, and then I got a card from one of my college professors—I think it was a Christmas card—with a little note on it. Dr. Ed Breen had gone to work in GAO for Leo Herbert and suggested that I look into this. Ed and I had been pretty close. I was the President of Beta Alpha Psi in Illinois 1 year and Ed was the faculty advisor.

So he suggested that I go down to talk to G. Ray Bandy [Regional Manager, Seattle]. I did and finally decided to sign up. The reason I did so was partly that Seattle's Price Waterhouse office covered Alaska and some other territory and I thought that I would be involved in too much travel by staying with the firm. Little did I know what I was going to get into in GAO.

But I'll be honest with you, there was another reason why I joined the General Accounting Office; I think it was the primary reason. We were going at a pretty hard pace in Price Waterhouse. We put in the hours. We really worked at it. I felt—and I have to admit my experience with government was from the Army—that if I were to go into a government organization and keep up the same pace that I was used to in Price Waterhouse, there wasn't going to be any competition.
Well, I was pleasantly surprised. I ran into some real tough competitors and some real good people—Bill Conrardy, Will Logan, Irwin D'Addario, just to name a few. So that part of my reasoning turned out to be invalid.

I was appointed Regional Manager of the New Orleans Regional Office in December 1964. In 1970, 5-1/2 years later, I was appointed Regional Manager of the Norfolk Regional Office. Would you believe that exactly 5-1/2 years later I came to Washington as Deputy Director, RID, under Stu McElvea, who was then the Director, RID. And then, 3-1/2 years later, I went out to Seattle to become the Regional Manager.

Why did I retire? I guess I was ready. There had been a lot of changes. There was a new Comptroller General. RID was abolished and I viewed that as the demise of the field; I didn't like that too much. So I just decided to retire, and I have to admit I'm not sorry I did.
made. I participated in a study of GAO looking to the future. The study was one that Ted Westfall had alluded to in one of your earlier history documents. There were very severe personnel dislocations as a consequence of the recommendations to move from a voucher audit to a comprehensive audit on a governmentwide basis.

GAO displayed unusual concern for the needs of its displaced people. Although many of the individuals would no longer contribute to the new work of GAO, they could be a vital resource for other agencies. GAO worked to facilitate the absorption of many of these individuals by other agencies.

There was a field organization before 1952. Some graduates of that organization made notable contributions to the new GAO, including Charlie Bailey, John Thornton, Charlie Moore, Kurt Krouse, Charlie Wells, Ray Bandy, and Dick Madison. They were absorbed early within FOD as it evolved and contributed to its management for many years after 1952.

The early Field Operations Division I think was unusual—although it might have been characteristic of many other organizations during that era. From 1952 to the mid-1970s, the field staffs operated with a maximum of freedom in a very positive sense of the term.

In those days, it was rare to have visitors from Washington and even the telephone was not used to a great degree. You were pretty much on your own. I remember John Thornton taking me to Chicago, introducing me to the staff, and wishing me well. I don’t think I saw him again until the Regional Managers Conference that year. You were on your own. I would say that was not unusual for that period.

Mr. Grosshans

Now, the early field structure included zones and areas. You also mentioned that the Office of Investigations had a separate structure. Did other structures exist? I think Sammy [A. T. Samuelson] in his early days had traveling teams.

Mr. Krieger

Correct. Particularly in the Department of the Interior area. Samuelson had organized traveling teams that covered the West, basically working on reclamation and water and power projects. They were doing very important and productive work and expanding the awareness of the importance of the field work performed so that it met professional standards.
The work of that group and much of its staff was integrated into the Field Operations Division and, in effect, was one of the initial areas of concentration—particularly in the western offices.

Mr. Grosshans

Initially, when GAO realigned in 1952, we created 23 offices. Maybe Dick [Mr. Henson] can talk a little bit about that because, in your area out there in the West, for example, Portland was one of those offices. There were a lot of the other places that we subsequently decided to make suboffices. We cut them back to the 15 and currently 14 regional offices. Do you recall any of that?

Mr. Henson

Initially, I think we combined Portland and Seattle, Minneapolis/St. Paul and Chicago, and others to get down to 19 for quite a long time before we finally got down to 15. The New Orleans Office—which I managed commencing in 1965—was a natural to be closed. There was a good reason to have the office at that particular time. We had an awful lot of executive agency regional offices headquartered in New Orleans. The Saturn Moon Project created an awful lot of NASA [National Aeronautics and Space Administration] and contract work. But, in about 1969, it all fell apart. President [Lyndon B.] Johnson, being from Texas, moved a lot of agencies over to Houston and other Texas locations. The contract work ran out, and all of a sudden there was little work in New Orleans. At that particular point in time, John made a very wise move by placing it under Dallas as a suboffice. That's when I moved to Norfolk.

Comprehensive Audits

Mr. Grosshans

How about the type of work that we were doing? We have already touched on post-World War II contract audit work and the corporations audits. Comptroller General Warren came out in 1949 with a memorandum saying that henceforth we were going to do comprehensive audits. What did that really mean to us in those days? How long did it take to fully implement that concept, if ever?

Mr. Henson

I'll be quite candid. I never did read the Comprehensive Audit Manual, although I had it.

Mr. Eschwege

It isn't too late.

Mr. Henson

The few comprehensive audits that I was assigned to were gigantic management surveys designed to develop and understand everything the
agency was doing; they were much too detailed and time consuming. My recollection is that very quickly we would find something that really needed our attention, and we’d forget the rest of it and begin to zero in on that operational aspect, whatever it might be. That’s the closest I can recall about doing any comprehensive auditing.

I don’t want to knock it as a concept, but I would say that it was quite a bulky, costly affair to carry it out in practice.

Mr. Grosshans

Do you want to add anything to that, Hy?

Mr. Krieger

I’m certainly not an authority on it. The people who really conceived of it have long since departed from this earth. As I can recall, I was actually involved—and Dick knows how to hurt someone—in developing certain elements of the Comprehensive Audit Manual and some of the doctrine that came from that source.

The initial concept was that it would be an effort to acquire as good a knowledge of the primary programs of the organizations that we were looking at and, at the appropriate time, singling out those areas that, as Dick said, needed the greatest attention.

Ellsworth Morse, Bob Rasor, and Fred Smith were really the primary architects and did much of the conceptual thinking about it. But their ideas were tested against some very practical individuals like Joseph Campbell, the Comptroller General, who certainly wanted results and findings and concentration on issues that warranted attention. Perhaps we didn’t do as good a job of communicating what our objectives were.

Again, it had its origins in the work of the public accounting community, which creates what are called permanent files. These files are updated in connection with each audit and are carried forward and provide each successive generation of auditors a knowledge of the evolution of policy and principle and the application in that particular organization.

I echo Henry’s comment. It still isn’t too late for Dick to read the Comprehensive Audit Manual.
Auditing Finance Centers and Payroll

Mr. Grosshans

There are a couple of fairly big chunks of work we haven't touched on—dealing with the finance centers, payroll audits, and investigations. We'll get into investigations a little later. But as to the other two, how did they evolve and how did our audit approach change over time, particularly the field's involvement in them?

Mr. Krieger

Perhaps I can speak about that. GAO had groups working at the finance centers going back to World War II, when the War Department, Navy, etc., created their centers. These centers have been moved about the country from time to time. For example, the Army center started in St. Louis and now is in Indianapolis. Here again, the early days of GAO were very exciting because GAO was going through a process of evaluating its role. I was on the team that looked into the centers, their roles, and missions back in the 1949-1950 period.

We recognized that the services needed to do more of the voucher audit work themselves. Unfortunately, they weren't very hospitable to this notion at first. They didn't want to assume the audit responsibilities for the disbursing officer and other accounts being sent to these centers. The changes we advocated did not come to fruition until sometime between 1961 and 1965.

Sometime during that period, Joe Campbell actually called while John Thornton was visiting our field offices. He said: "Hy, it's about time we did something with the centers. Can you do it?" I said: "Yes." I felt that if he wanted us to do it we could do it.

We were involved in negotiations with the military departments that ultimately resulted in the transfer of most GAO people located at the centers to the military departments. A cadre of people were retained by our regional offices, which assumed the responsibility for the management of GAO staff at the centers and for the revised audit approach.

It was a traumatic period, but I do take some comfort in the fact—and you can check the archives on this—that the Regional Managers were successful in Cincinnati, Detroit, and Denver in seeing to it that most, if not all, of the people who were associated with those activities were absorbed by the military organizations for whom, I am confident, they did a good job to the end of their federal careers.
Mr. Grosshans: I trust everybody was happy with that change?

Mr. Krieger: They weren't particularly happy, and I know that both John Thornton and I were not necessarily looked upon with a great fondness because, in keeping with the mandate that we had gotten from Joe Campbell, we were vigorous in leaning on the Regional Managers to make the things happen.

Mr. Grosshans: I understand there was one unhappy Defense Division Director, because overall responsibility for the people in the centers rested in that division.

Mr. Krieger: That's another story. Yes, you're quite right. Bill Newman, may he rest in peace, was one of the most creative and forceful individuals in GAO. About 30 seconds after Joe Campbell called me and asked whether FOD could do the job, Bill Newman called and very aggressively tried to persuade me to not accept the assignment. I, in effect, said: "Gee, that would be a foolhardy thing to do if the Comptroller General wants us to do this." Although I think eventually he did come around, he was very disappointed. It was part of his organization. These units at the centers were doing productive work, and they were contributing to the improvement of the Defense operations. It was difficult to give up these activities, but it involved work that more appropriately should be done by the departments themselves.

Mr. Henson: As I recall, Stu McElyea was the Regional Manager at Dayton. When the work there was transferred, he was pulled out and I think he ended up in Denver.

Mr. Grosshans: Dick, you might want to talk a little bit about the payroll audits. I remember when I came to GAO shortly after you did, we still had quite a bit of that to do and that was not glamour work.

Mr. Henson: There was little that really came out of these payroll audits, but we did have staff who were very proficient in the payroll laws and regulations. My guess is that we continued to do the audits, at least for a while, because we had the people with that know how. As we began to lose those people, we began to ask ourselves why we were spending so much money to do work that had little payoff. I do know that the staff that we were hiring at that time wanted nothing to do with it.
I think a similar situation existed when we went out to the agencies to audit and settle their accounts. I forget exactly when we reassessed how to do that work. It was somewhere in the 1960s.

Mr. Krieger

Werner, could I comment on that? What we've really been talking about is the continuing evolution of GAO. When you stop to think about it, many disciplines and people from different sectors have made contributions. Both in headquarters and in the field organization managers faced—and it is trite to say—a continuing challenge of trying to integrate the efforts of so many diverse individuals.

For example, I can remember in both the Chicago and New York offices having to deal and work with and make the best use of people who were very loyal and had contributed over the years but who perhaps didn't have the skills that were relevant to the work we were now doing.

I can remember a Regional Managers meeting presided over by Joe Campbell. Being a product of the old school, he saw his role as that of a trustee, in effect, having a fiduciary responsibility for the use of human resources in the most effective way possible. The Regional Managers were complaining about their inability to do some of the work that was being demanded of them because they felt they didn't have the necessary resources and talent that was required. They particularly focused on the disciplines that they had inherited.

I can still remember Campbell, in a frosty and penetrating way, saying he thought the test of a good worker was the ability to utilize less-than-perfect tools in the accomplishment of his work. After that, this was a dead issue—and I think properly so.

Mr. Grosshans

We'll come back to that because part of that also gets into the Investigations demise and the absorption of the people.

The Role of the Regional Manager

Dr. Trask

Henry mentioned in his introduction that you 3 gentlemen served in 9 of the 14 regional offices. I think this provides a good basis for a question about the role of the Regional Managers as the Comptroller General's representatives. I wonder what kind of comments you would have about
the personal relationships between the Regional Managers and the Comptroller General. And, following up on that, what were the relationships of the Regional Managers with the executive agencies, the Congress, the press, the public, etc.? If you could compare the Campbell, Staats, and Bowsher periods, it would be helpful.

Mr. Krieger

Campbell emphasized the role of the Regional Managers as his representatives in that area. It was at Campbell’s insistence that there was a two-tiered designation in the directories in the federal office buildings that we were located in. He emphasized that we needed to have the Comptroller General of the United States as a designation, as well as the U.S. General Accounting Office Regional Office. He continually emphasized that the Regional Managers were his personal representatives at those locations, and he expected them to conduct themselves in an appropriate fashion.

He did not encourage extensive social contacts with agencies or involvement in the professional organizations that existed in the areas, because of his concern that GAO maintain full independence and integrity of its operation.

Dr. Trask

How did you, as Regional Managers, in general, react to that? Did this make your work easier or harder?

Mr. Krieger

It gave us the support that we needed in dealing with GAO’s headquarters elements because the Comptroller General was in Washington, and he was the embodiment of the Office there; whereas, I think there may have been some skepticism on the part of our headquarters folks as to our ability in the field to actually represent him in that context. I can remember an episode that demonstrates how Mr. Campbell saw the Regional Manager’s role. A distinguished industrialist, who was the head of one of the top four or five corporations, asked to meet with me. I was managing the New York Regional Office at the time. I knew he had been a neighbor or acquaintance of Joe Campbell’s during the period that he was Treasurer of Columbia University and active on the New York business scene.

I mentioned to Campbell that Tom Watson of IBM wanted to meet with us and that we were involved in some fairly serious issues with IBM. IBM attorneys and auditors were vigorously presenting their views, and we took strong issue with them. I asked Campbell whether he desired to participate. There was a moment’s silence, and all he said was: “Who is
my Regional Manager in New York?” I got the message very loudly and

clearly.

His approach was that you were in the field and you were his represen-
tative; you’d better do the best job you were capable of doing. He could
be quite concerned if you didn’t live up to his expectations.

Now, as to the other Comptrollers General—I can speak about Elmer
Staats. Every Comptroller General makes a contribution in the develop-
ment of an organization. In the unique history of GAO, it has always been
fortunate in getting the kind of Comptroller General that was needed at
that point in its development.

Elmer sent us out with a clear mandate to develop our relationships
with agencies and build stronger personal relationships. He felt that we
should participate in the professional activities. He put greater emphasis
on working cooperatively and constructively with them. I had no diffi-
culty pursuing that course because it was needed at the time. The Office
had already established its reputation for independence, objectivity,

etc., and I think that it was time for us to build upon that base.

Mr. Henson

But, in the early years, in the 1960s, we didn’t intermingle or have deal-
ings with the other agency heads to any extent at all. If I recall cor-
rectly, in 1957 and 1958, we first began, as an Office—I think it came
out of Washington, and certainly we responded in the field—to join the
Federal Government Accountants Association. That’s my first recollec-
tion of beginning to interact with people from other agencies. But even
after that, we always had the problem that when we were dealing with
an agency, the best thing that could happen from the agency’s perspec-
tive was that we would go away and that we wouldn’t find anything to
report on. I think that feeling pervaded our interactions. It really took
years before we began to be able to interact with them on a professional
basis.

I don’t believe that it was until Elmer Staats came aboard that suddenly
the Office wanted us to join and belong to the federal executive associ-
ations or boards in the smaller cities.

At first, we weren’t members but we were allowed to attend meetings. It
took some time. It was in the early 1970s before I was able to actually
join the Federal Executive Association (FEA) as a member in Norfolk
and to work my way up to being a Vice President. When the President—
or maybe they called him Chairman—decided to retire, I was slated to
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Mr. Fee

become the President. All of a sudden, we had a board meeting; the board didn't think it could let this happen. Thus, I had to resign so that another person could become the President. We have come a long, long way since then.

If I could add, by the time I became a Regional Manager, I think the title "Comptroller General's Representative," was useful to have. It enabled us to participate in the types of activities that Dick and Hy are talking about. But I don't think that I ever really looked at it as an important aspect of the role. I was really a senior representative of the General Accounting Office. That carried with it enough weight to talk with state and local auditors and, in my case in New York, with representatives of the United Nations and of individual countries that were interested in expanding the role of their governmental audit organizations. But I really did so more as a senior General Accounting Office representative than as a personal representative of the Comptroller General.

When I went to Philadelphia and then when I moved to New York, no one ever really said: "Here's this role and here is what I expect of you." I never personally spoke with Elmer Staats or Chuck Bowsher about that particular role, and I don't think that it was one that they spent a lot of time talking about. I do think that Elmer looked to his Regional Manager as the senior person from the General Accounting Office in that geographic area and tried to afford that individual the status appropriate to the position.

Comptrollers General Interaction With the Regions

Dr. Trask

What about personal contacts between Regional Managers and the Comptroller General? Again, can you contrast the styles of the three Comptrollers General?

Mr. Henson

In Joe Campbell’s day, when you came in as a Regional Manager visiting the Washington Office, you called on the Comptroller General. Schedule permitting—and it almost always did—he would sit down and talk to you.

Mr. Campbell had a very, very detailed and acute knowledge of the field people. As a matter of fact, I have heard it said that he kept some sort of
book. He knew our people as well as we did, and he would discuss them in detail—and we had better know our people. I only had one of those sessions. That was in 1965. He resigned later on that year.

In the case of Elmer Staats, at least at the very minimum, we met with him every year—sometimes twice a year—at the Regional Managers conferences.

Starting in 1968, Stu McElyea, an enterprising young man, introduced the notion that we ought to be bringing our wives to those conferences and kind of made it into the beginning of a social affair as well. I hosted the meeting in 1969 in New Orleans, where we put on a Mardi Gras Ball for them. In these ways, the wives, as well as the Regional Managers, got to know each other, which, from a field perspective, was a very good thing. We began to realize later on that there may have been either some jealousy or resentment by Washington top managers about the meetings.

Mr. Krieger

I was hoping that you wouldn't bring this up. I'm kind of kidding now. He's quite right. Campbell put tremendous emphasis on the individual. As I said, I served here at least 5 years as John Thornton's Deputy. One of my obligations was to visit each office. We tried to get to every regional office twice a year, I believe, and to some of the small locations at least once a year. In the course of those visits, we did make detailed evaluations of all the people in a particular office. Somewhere in the archives, I'm sure there must be John's and my trip reports, as well as others. In this era, I don't think you would commit to writing the kind of evaluations that we made.

Mr. Campbell would read the report; he'd call me or John to his office; and take from his bottom right-hand drawer an annotated, and—from his perspective—very useful copy of our reports. He used them as raw material in GAO's management development program. His emphasis was that an organization is a composite of its people. Any manager, including, I'm sure, Elmer Staats and Chuck Bowsher, believes that. But Campbell personally got involved in making these decisions. There were some fairly uncomfortable sessions with him because his questions were often penetrating. He saw to it that he met with each individual in their initial training period here in the Office. After he would meet with some individuals, he would get back to us and to the Regional Managers and ask specific questions about the individuals—how they were doing, and at times how they happened to be selected. He did not necessarily agree with the choices that were made.
Mr. Henson

Hy brings something to memory. I hadn’t been in New Orleans more than 2 or 3 weeks when Hy Krieger showed up. I had to remind him that while I had been appointed in December, I didn’t get there until the end of January. So Hy came to accept that I couldn’t possibly know the people yet. Well, years later, when I was a Deputy Director, I went through my file and it had a copy of Hy’s report.

Hy did say to Mr. Campbell that Henson is aboard and he’s got things moving and under control, that he obviously has yet to get to know the people, but he’s got a good start. Thanks, Hy.

Age as a Factor in Promotions

Mr. Grosshans

Let me just ask you a question at this point. What was our preoccupation with youth in those days? Every time you recommended somebody for promotion, that was one of the factors that had to be considered. Why was it so important? There was a lot of concern about making somebody a GS-15 if that person was only in the early 30s. Why that concern?

Mr. Krieger

I think that I can speak about it, and I think that you may have a misapprehension on that. You must remember that during that period, many of the people came from the public accounting community. In that community, there has always been a strong commitment to mobility. It was an era when the firms didn’t put a great deal of emphasis on retention. The feeling was that GAO, to be a vigorous, dynamic organization, needed to have a continued influx of people from the universities with a maximum of opportunity for upward mobility for the best people.

Over the years, GAO, as have other organizations, has learned that the supply isn’t out there and you’ve got to provide opportunities for growth for all of the people in the organization. I would say that the concern at that time was to be sure that we didn’t clog the arteries of the organization.

Mr. Fee

I have to go back to my Washington days to answer it because I wasn’t in the region at that time. In addition to what Hy is saying, I think that it was, in some way, a measure of the track that you were on. If you were being promoted quickly, then people wanted to know how old you were as some measure of how fast you were moving down that track.
Some of the people on the staff began to expect that you'd make grade 14 in X number of years. If you recall, our recruiting brochures used to have that little chart that was in there.

So I think that's at least part of that factor. It may very well have been, in those days, however unfortunate, that if you were beyond a certain age, maybe a red flag went up and you wondered why you didn't get promoted.

Mr. Grosshans

I was getting at the other point, quite frankly, where the feeling was that unless you reached a certain age, you couldn't be perceived as being an Assistant Regional Manager; you didn't as yet have the maturity.

Mr. Fee

You ran into that both in Washington and in the regions. I know I ran into it in Washington a couple of times. "How could you possibly do that? You're only X years old."

Mr. Eschwege

On the other hand, I think, Frank Fee is the perfect example of a guy who moved very rapidly at a young age. So we've had it both ways.

Mr. Henson

I simply wasn't exposed to that. I have no recollection of that at all.

Mr. Eschwege

I think I know what Werner is talking about.

Mr. Fee

I remember what it was, too. The information as to age was right on the front page.

Changing Relationships Between Field and Washington

Let me just ask one more question on this topic while we're talking about the role of the Regional Managers. In getting ready for this session, I talked to a few of the Regional Managers, and one of them made an observation I'd just like to get your reaction to. He contrasted the fully autonomous role in the early period with one today where field and Washington are fully integrated. I'm just wondering whether you would agree with that.
Mr. Fee

I joined the Field Operations Division at a time when things were changing. In my talks with Regional Managers, we used to have endless discussions about the erosion of the role of the Regional Managers, which meant an erosion of the autonomy and the ability to make unilateral decisions as it related to the job that was done, the people who were on it, or the length of time involved and sometimes even the addressee of the report. The Regional Managers began to see that erode—if that's the right word—in the early 1970s, perhaps even before that. The phrase that was used at the time was the “supremacy of Washington.” People wanted to hold on to that autonomy because it gave them control over resources, the environment within which they worked, and the stature within the organization on a par with their Washington counterparts.

As that began to erode, people worried that the power base was shifting to Washington. Pretty soon, they were saying that they weren't needed out there in the region. They felt that their level of person was not needed out there. All that was needed was a caretaker to shift resources around periodically and take care of some training and some recruiting. These functions were perceived to be on a lower scale than the autonomy of controlling assignments and determining which assignments and which type of reports were issued.

That is how I look back on it, but I thought this even at the time I was going into the regions—I was coming out of a Washington base that was also changing. The Congress, itself, was changing. The requirements being placed on the people in Washington for developing assignments and writing reports and giving testimony were changing rapidly. Those folks were saying: “How can I do this?” I'll go back to a statement that I think I just heard one of you say: “How can I do this if I don't have control or have anything to say over the size and the type of resources needed?”

So, on the one side, you had a Washington staff that was changing rapidly as the Congress changed. The staff had to have more resources and more accountability because they were being held accountable and wanted more accountability over those regional resources. At the same time, you had a regional environment that people had grown up in and developed and in which they had control in a very real sense. That was hard to change.

I recall one case when I was in Washington in charge of a highway-related project and the Detroit Regional Office was doing the project. Charlie Moore was the Regional Manager. Charlie told me—I don't think
that I'm speaking out of turn—that he didn't like the idea of someone at a level other than his giving direction to his folks.

In fact, on this one assignment, he told me that he didn't want me calling the Audit Manager in the Detroit office and, if I had any questions for that Audit Manager, I could call him.

Well, after calling Charlie every day for about 2 weeks, we decided that it was okay to go down and talk to the Audit Manager without going through him. The audit manager was Bill Krueger.

At least as I looked at it, the change in Washington was not as well understood by the regions, and the changes affecting the regions really weren't understood by Washington at all. They didn't understand why these folks were worried about that erosion because they had no sense of what that environment was like.

Mr. Henson

Frank is perfectly right, but at the same time, there was a high degree of independence and discretionary authority in the field and each of the regions managed differently and exercised that authority differently. There is no doubt that, in many instances, it was the Regional Manager who decided whether a job was going to be started.

Mr. Fee

Absolutely.

Mr. Henson

We decided, for example, how many jobs in Vic Lowe's area were to be started. But, at the same time and hand-in-glove with that—perhaps this was part of the evolution—all of us had people that we began to assign to a particular Washington audit group and subject matter. In 1965, I assigned a fellow named Mac Ladett, who worked with Fred Layton, who in turn was reporting to John Heller. Mac and his staff were quickly evolving into specialists in the agricultural area and worked very closely with the Washington staff.

We jealously maintained control over our staffs, but at the same time, we were matching them up to accommodate the changing Office requirements.

Mr. Fee

Surprisingly, as the Regional Managers did that to respond to a changing relationship often between two people under the auspices of the Regional Manager, it became easier to erode away or change whatever was there before. I think that was the region's way of trying to respond to what Washington was feeling at the time.
Mr. Krieger

You know, what Frank and Dick have really been talking about, I think, is the unique way to change and how it is introduced into an organization.

Mr. Fee

I don't think that in that particular case, change was managed. It was allowed to evolve. I think that had it been managed, a lot of the things that people were worried about would certainly have been mitigated a great deal.

Mr. Krieger

I was on the sidelines during the period that you're talking about. I was Director of FFCD [Federal Personnel and Compensation Division] and was therefore sort of on the other side of the house. I sat in on what I thought were interminable meetings of the Division Directors. I guess, now that I think about it, that may have influenced my retirement.

Mr. Fee

I remember those meetings, unfortunately. But I do recall that when I was in New York as the Regional Manager, there was a strong desire on the regional staff's part to align themselves with issue areas. They saw that as the way the Office was going. They were trying to convince the Washington staff that they could do whatever was thrown at them and that they could do it quickly and well and with the right kind of people; this was the measure of success. That was a hard target to hit at times.

Mr. Krieger

In a way, weren't you all trying to forge alliances with specific Washington operating groups, hoping that those alliances would be the predominant ones?

Mr. Fee

No doubt about it. By the mid-1970s, I and most of the other Regional Managers were trying to forge those alliances so that you could get a leadership role in the regions. Again, that was a way of holding onto a bit of that seniority status at that level and yet, at the same time, give in and acknowledge the need for the Washington office to really have more control over the work.

Mr. Henson

I'd like to get into another facet of the discretionary authority or autonomy of the Regional Manager because it manifested itself in many ways. On the one hand, this was a tribute to John Thornton and Hy Krieger who encouraged Regional Managers to try many different things very effectively. Bill Conrardy came up with the regional project manager concept, which Irwin D'Addario exported to Denver and later on to Dallas. I remained a strong advocate of the audit manager concept, which I maintained in New Orleans and reinstated when I got to Norfolk. The
audit manager concept, of course, ultimately led to the project manager concept at the national level, as well as to the teams concept.

We had good, competent audit managers that really worked as such, but we also had created some audit managers at the GS-14 level, who had grown up, for example, as contract auditors; they were good contract auditors. But as we eased out of the contract audit business, we had to use these people. Unfortunately, we did try to use them as audit managers, and this is where we got into a lot of conflict.

Mr. Fee

A funny thing jumps into my mind as Dick mentions the term "audit manager." When I became the Director of the Field Operations Division and we were into what, at that time, was a great deal of change and endless meetings, one of the decisions we made was to do away with the audit manager title in the regions. I was not held in very high esteem for making that decision. In fact, in some regions, the grade 14s at the time had two titles. They had little nameplates that enabled them to slide out their names and titles. They would have "Audit Manager" underneath their name until they found out I was coming to their region. Then they'd substitute the title that was acceptable at the time. So it was not a popular decision.

Mr. Henson

I was in Seattle at that time. Of course, I supported the system. We had grade 14s like Randy Williamson—and there were others in Seattle—who would be good enough to be at this table today if they had progressed. The idea of having Randy Williamson running just one job galled me. It was a waste of talent. He could contribute so much more than that. We found a way to expand such people's contributions, though, through involving them also in issue area management.

Mr. Fee

That's the way it eventually evolved.

Lead Region Concept

Mr. Eschwege

You've talked a lot about autonomy. I don't want to pursue that too much further except to say that, in later years, some structures were put in place. We already mentioned project management. The lead region concept hasn't been mentioned yet. While I think you alluded to it, you haven't really mentioned the McElyea task force on teams. I'd like to discuss both of these concepts.
Mr. Krieger

I think too much is made sometimes of the efforts of an organization to respond to the kind of things that Frank was talking about earlier. Organizations respond to change in a lot of different ways. There was a great deal of experimentation. Each Comptroller General that I had any exposure to encouraged experimentation, rather than rigidity. If you look at the record, you can see that.

We have learned a lot from many of the experimental efforts. The operating divisions in Washington had unique personalities, and the regions had unique personalities. What never ceased to amaze me was the ability of so many disparate kinds of individuals to work towards a common end. I wouldn't characterize any organization that I was ever associated with as perfect. I guess we might have approached it, but we haven't yet achieved it. I'm sure that GAO today isn't necessarily going to come up with the ultimate answer.

What I've always felt about GAO and the regions and the relationships with Washington—and I think Bob [Robert] Drakert [formerly Regional Manager, New York] used to expound on this—was that it was competing ideas that unleashed large bursts of energy, that sometimes this did wind up in an interminable debate, and somebody had to make a decision and then move on.

What always astonished me was that the discourse sometimes did get heated, but I don't think it left any lasting scars on anybody. Some of the regional managers were mavericks, particularly some of the earlier generations' managers, who have long since gone to their rewards. I certainly hope that today's managers—by the way, I have known Dave Hanna [Denver Regional Manager] for a long time—are going to set new standards for the next generation.

Mr. Fee

I want to add one thought that addresses the question Henry raised dealing with the lead region concept. At one time, all of the Regional Managers grew up in the regions. At a later stage, people who had Washington experience were going out to the regions. That all occurred in the late 1960s and from the early 1970s through the mid-1970s. Jim Martin, Tim McCormick, Phil Bernstein, Joe Kegel, and I went from Washington to the regions to emphasize the idea of accountability, which Washington was seeking. At the same time, we wanted to hold on to some control over those jobs. That's where the lead region concept and issue area management came in.
Generating Ideas for Programming Work

Mr. Henson

It is hard to talk about the lead region concept without first exploring the programming of the work and how we got to where we were. Hand-in-glove with the lead region concept, the regions began a lot of surveying and coming up with the ideas. They were given discretionary time, as I recall. They began to generate a lot of the work that the Office did.

It didn’t happen the same way in all regions. It certainly happened in Seattle. As a matter of fact, I have heard it said that Seattle was a “make work” region that they had to make work. But this was not true; they didn’t. They preferred to set their own priorities and develop and generate their ideas and sell them, as opposed to simply waiting for whatever work came to them.

In New Orleans, we did much the same thing. When I got to Norfolk, we also did the same thing. This is how we got into lead region assignments, and, at the same time, we developed our relationships with Washington. We were principally working in the areas in which we had those relationships and programs.

Mr. Fee

I think that is an excellent point, Dick. One of the great strengths of the regional staffs was their ability to come up with ideas—not always polished, however, and not always exactly those that were ultimately applied in our work. They did have a perspective of what the federal government was doing outside Washington, where the money was being spent, and the effectiveness of federal programs. They were just excellent at coming up with good ideas that eventually made their way into specific jobs. They couldn’t always broadly conceptualize the overall issue because they only saw a small part of it, but they were good at coming up with ideas.

Mr. Eschwege

I thought a lot about the Washington-field relationship after I retired because maybe in Washington we weren’t always fair to the regions. Isn’t it true that many ideas did come from the regions but weren’t readily accepted by the Washington divisions? What did you do to try and push them through?

Mr. Henson

In one instance?

Mr. Eschwege

I’m interested more in the methodology, but go ahead.
Mr. Henson

Well, I'll give you an example of how this could happen. At one time, the Defense Division had a contract audit group, and the Associate Directors-in-Charge of each service [Army, Navy, and Air Force] wanted to handle the contract work in their own area. So Jim Hammond's contract audit group was disbanding, and he sent his people out to look into ongoing work and decide whether to kill the job or let it go ahead, depending on how far along it was. I had a contract job that was nowhere near the reporting stage, but we had the finding worked out clearly, and I saw a probable recovery of about $400,000 to $500,000. But we didn't have all the material evidence that we needed, so the Washington people decided to kill the job.

I went out to talk to the comptroller at Boeing and laid it all out for him. I did this without telling my boss, Bill Conrardy. If anyone was going to get in trouble, it was going to be me. I didn't want Bill to be blamed. I ended up giving the guts of the finding to Boeing's comptroller. He then sent his own auditors out. They did the work for us and the government ultimately did get the recovery, but we never reported on it.

Mr. Fee

You asked about methodology, and I, at least, had a two-part approach to that. On the region's side, we constantly encouraged the staff to come up with ideas. Once the awards program was developed, we would give out an individual award for the best idea or the best audit area or the one that eventually led to a congressional report.

As part of that methodology, we spent a great deal of time talking with staff and encouraging them, even if not every idea was to be accepted.

The other part of the methodology was spending a lot of time in Washington. I was fortunate to be close enough to Washington that I walked up and down the halls and personally touched base with the Assistant Directors and the Associate Directors about work that we thought we could do in Philadelphia and New York that fit in with their issue areas. Sometimes I was successful and sometimes I wasn't, but that was the approach that I used.

Mr. Henson

We developed these ideas enough that we were able to sell them in most instances, but, on occasion, you're right, they wouldn’t accept them. I recall two occasions when I used my discretionary time to develop the finding and the report. I then hand carried the report to Washington. Both times, the reports were released.
Mr. Krieger

I think we tend to emphasize the exceptions. In this area, my own experience was that Washington people were consistently reasonably intelligent and receptive. They would pick up our ideas in most instances.

Mr. Grosshans

The record is somewhat spotty, I think, on that one. Generally, I would agree with you, but some groups worked harder than others. The point that Frank made that people really marketed their products is important. All of us in the regions—I was in San Francisco at that time—were very, very active in that. One thing we haven't touched on and that we should mention is that in the old days it was a little easier to play one staff person against the other because of the competition, particularly on the defense side. If you couldn't market an idea or job to one group, you had two or three other groups who might pick up on it. Al Clavelli [Regional Manager, San Francisco] was a master at that.

Mr. Fee

I didn't have that option in New York.

Mr. Henson

There's another thing you've got to keep in mind. The trouble of getting our ideas accepted was related to the evolution of the way we did our work. There was a time when Washington began to talk about broad-based reviews—the programwide aspects of a finding. The field was lagging behind, naturally, and was still sending in single findings which, under Elmer Staats, we were moving away from. That was when we had a lot of ideas dropped because they didn't appear worthwhile or just couldn't be expanded into programwide or agencywide reviews.

Mr. Fee

I think there was a lag in communicating to the field the direction in which the Office was going.

Mr. Henson

Yes. There definitely was.

Mr. Grosshans

Was there a role for FOD in educating the regions to adapt to this change?

Mr. Henson and Mr. Fee

There should have been.

Mr. Henson

I certainly don't want to sound as though I'm criticizing John Thornton; I think that guy was one of the world's best managers. But in this particular area, there should have been a role for FOD.
Implementing the Teams Concept

Mr. Eschwege I was going to talk more about the role of FOD. But, before we skirt the whole issue, nobody has given me any opinion or, if necessary, criticism of the teams concept. I don’t need to hear from all three of you if you don’t want to talk, but why did teams somehow not work? It was an important turning point in the way GAO suggested its work be done. I think GAO has a teams concept today, but it is an entirely different thing than what we had planned. Since it affected the regional offices so much more—at least they perceived it as a slap in the face—I thought that you might want to comment on it.

Mr. Fee Sure we do.

Mr. Henson I think it was an organizational catastrophe, to be honest with you. The way we got into it was unfortunate. I certainly don’t want to criticize Stu, because it was a group of Directors that decided this.

Mr. Eschwege I should mention that I was on the task force.

Mr. Henson I know you were. And that’s why I’m not criticizing anyone.

Mr. Eschwege I think you should.

Mr. Henson Well, the Comptroller General ultimately made that decision.

Mr. Eschwege I think that’s important to bring out.

Mr. Henson The story, as I have heard it, is that the task force recommended the teams approach as “a way” to do work and that it was Elmer Staats who changed it to “the” way of doing it; that was an entirely different thing. But he was the Comptroller General and he was able to run the shop the way he wanted to, so I don’t necessarily take issue with that. I still say the way we went into it, the way we relieved the Regional Managers and the ARMS [Assistant Regional Managers] of any responsibility or interaction with those jobs except from a people-management point

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1The team approach, adopted by Comptroller General Staats, grew out of the 1977 Task Force on Improving GAO Effectiveness. For particular assignments, a team leader was assigned from either headquarters or the field; team members reported to the leader regardless of their permanent organizational location; the team was protected as far as possible from competing demands; and hierarchical levels of review were minimized.
Mr. Fee

of view was a tremendous waste of talent, and I think it was doomed to fail from the day it started.

To the extent that these tapes are to be instructional, I have a couple of comments about teams because I obviously lived through it as a Regional Manager and Director of FOD. I was part of a Regional Managers' task force that had to develop the regions' methodology and approach to implementing teams. Then I became the Director of FOD and had to debate that entire issue with all of the Directors in Washington. Eventually, I had somewhat of a hand in abolishing the term, so I lived through it.

I agree with Dick that it was doomed from the beginning, notwithstanding that its concept was a sound one. I agree with the concept of teams and that GAO does have teams now. I don't think we ever got rid of them. To some extent, we had them before the concept came out.

And I was also in favor of removing the word “teams” from our lexicon. So I was on both ends of that spectrum.

But, at the beginning, I did understand it conceptually. I thought it was a good idea. Unfortunately—perhaps because of some personalities involved and the pressures of time—the way it was introduced to the regions was almost catastrophic because it was imposed upon them without definition, debate, or dissension. We struggled as a group of fairly intelligent people to determine how to take this thing and make it work.

It really was a struggle because it was contrary to everything we had grown up with. It opposed heavy involvement of senior people in jobs and a hierarchial environment, and it was contrary to the relationships we were trying to build at that time, which I commented on earlier, between Washington and the regions.

I think the hardest part of all—and Dick has mentioned this—was when we said to senior people, many of whom had come up through the associate director level in Washington: “We don’t want your knowledge, perspective, and understanding on this job.” That’s the way it was perceived. It may not have been intended that way, but it clearly was perceived that way, and that was a difficult thing for people to understand. They asked: “If I don’t contribute my expertise, what would I do?” That created many problems.
Simultaneous with that, the field perceived teams to be a power play by Washington to take over everything. So it was the final nail in the coffin (as a couple of folks described it at that time) to the autonomy, authority, and stature of the regional offices. That was hard psychologically and physically to overcome.

Mr. Henson

It was a very emotional thing.

Mr. Fee

Now, during that whole period—and, again, I say this with the greatest respect, but the record ought to reflect it—we didn’t have a leader or leaders that could work their way through that whole process. We had 12 people in Washington and 15 people in the regions. When we talked about the role of FOD headquarters, I think at that time it had a very important role to play in bridging the thinking of all those people. FOD may not have been very successful in doing it, but it really had a clear role at that time and, needless to say, a difficult one.

We spent 3 full years arguing and debating and writing issue papers to describe the roles of regional and divisional people in carrying out assignments and who was going to rate whom. We really had no choice but to say that conceptually it may have been a good idea, but if we were going to survive, we better get rid of it. At least I concluded, based on the role I played in it at that time: “Let’s get rid of it.”

Mr. Henson

As painful as it was to the Regional Managers, it was particularly painful to me because I was Deputy Director of FOD at the time, and my job was to make teams work. Although I strongly objected to this organizational change, I was working as hard as I could to make it work. Part of that, by the way, was dealing directly with Regional Managers and, in fact, helping some of them avoid problems.

Mr. Fee

I will attest that Dick worked many late hours trying to do that.

Mr. Eschwege

We knew of the unhappiness in the field. We held out a little carrot to the field and said: “Hey, you guys. If your ARMS want to run these jobs, we’ll let you.” But, in the back of our minds was the thought that these ARMS, by and large, hadn’t run jobs like that for years. They had different roles then in the field.

Mr. Fee

That’s right.
A few of the ARMS agreed to run the jobs and were good at it. But I think we were fooling ourselves here in Washington when we thought that many of those guys could run the jobs or wanted to run them.

I think also, Henry, it was a concession that you all made to try to deal with 55 people that, at that time, we didn't know what to do with under that concept. As the Director of KID, I personally negotiated between the Division Directors and the Regional Managers which of those Assistant Regional Managers were actually going to be able to do what was required. Some were naturals with recent experience in running jobs that the divisions were willing to go with. There were others who, with years of experiences, good or bad, said: “No, I don’t want that person to be my team director.” We had a devil of a time trying to sort that out because in the regions it was perceived that way.

I always felt pretty good that, even though I’d always been part of GAO and anything that happened in GAO naturally concerned me and everybody else there, I was not involved in this particular effort. But there is an interesting footnote to this story.

It just so happened the task force met in Easton, Maryland, at the Tidewater Inn to reach agreement on teams when John Thornton was back in Washington. I took a day off, and he, Phillip Charam, and I were driving down to the shore. Somehow or other, we stopped at the Tidewater Inn when the meeting was ending.

I listened to the conversation. At that time, I was back as part of the Washington directorate group. I guess my deepest affection has been for the field. I spent 20 years in the field and 20 years in Washington, so it is a fairly even split.

But I just shook my head and said to John: “There goes everything we have worked for.” I could see, in talking to my fellow Directors who were part of that group, that they felt they had given the field a concession. I hate to question anybody’s sincerity, but anything that starts on that premise is bound to fail; it was obvious.

Paraphrasing one of your earlier statements today, we did learn from this experience.

I think both Frank and I, if not directly then at least indirectly, criticized the implementation of teams in the field. I would like to put that into perspective. Stu had a tough job on his hands. He had 15 mavericks out
there who were used to doing things their way and who were not at all responding to an order such as this. Stu had to come down hard and quick. I think it was a mistake, but I also understand why he felt he had to do it that way, because otherwise teams would have been undermined and have come apart at the seams. That's what he was afraid of.

Mr. Krieger

I always felt it had a deleterious effect on Stu personally. I don't think he ever got over that period.

Mr. Fee

Dick, I think your comment, from your position at that time, is obviously true. The simplest way to say it is that I think there was another way of coming in that door.

Mr. Henson

I would have handled it differently, Frank.

Mr. Fee

I agree with that. I don't want to cast aspersions whatsoever on the job that Stu had to do at the time, but it did make the next job much more difficult.

Providing Constructive Feedback on Assignments

Mr. Eschwege

I want to mention a couple of other things in connection with how you, in the field, related with the divisions. There was—these are my words—always a little friction between the field and Washington. Some of that manifested itself—in the early years, at least—in the field's referencing a draft that went to Washington; Washington would reference it again, rewrite it, and the field would edit it, and Washington would re-edit it. I think some of that rewriting may still go on today. But with all that, we did get out good products in most instances.

We were supposed to give feedback to each other—even during the audit—on how things were going. How honest were we in providing feedback—when I say “we,” I mean the division to the field and the field to the division—on how the assignment was going, especially when an auditor or supervisor would come out to the field and give you some advice or direction or when the draft came to Washington and sat on somebody's desk for a long time? How did we handle that? Frank, I think you wrote a paper on that one time.
Mr. Fee

As an Office, we handled it poorly. The Washington staff knew that they’d have to work with the field staff again and, as a result, were soft in their criticisms or even constructive comments and tended to say things generally went okay. So very little concrete criticism came back on a job-by-job basis. The litmus test to me was when I tried to match up a field person and a Washington person a second or a third time. I knew right away whether or not one of the jobs had gone well by the acceptance or rejection of that match. That was the clearest thing to me, and I would be able to use that to go back to the Washington staff and talk to them about rejecting someone.

Mr. Eschwege

Conversely, you might not give that Washington staff the person that they really wanted?

Mr. Fee

Mostly for reasons—at least from my experiences—of availability. We tried pretty hard to keep the team together. That’s why I think we had teams before we had “teams.”

When I was in New York, we tried to keep the same people working with each other. I remember in the environmental area, which was one of your areas at the time, there were two or three people in New York that we tried to keep involved in that particular area, job after job. We knew there was a good work relationship. We knew the quality of the work was good because the Washington staff asked for them again, and we knew that the folks were happy because they were getting that recognition and getting whatever psychic income comes from being asked back.

So that worked pretty well. When it didn’t work, you never really found out about it and you never really had anything concrete so you could go back and say to the person: “This job didn’t work out because of a flaw in your logic, a flaw in your methodology, or a flaw in the personality relationships.” You had to pick that up yourself. That’s why the involvement of the regional hierarchial structure was important on the jobs.

I was once told, under the teams concept, by an audit manager out of Washington, that he didn’t understand why I was at a particular meeting; he wasn’t going to answer my question because I had no authority over this job.

Mr. Henson

I recall that.
Mr. Fee: We made our way through that particular meeting okay, but it was that kind of thing that always strained our relationship. Now, I guarantee you that incident got out to all 15 regions before that guy ever got back to Washington. And that's what caused some of those kinds of problems.

Mr. Eschwege: Had we pretty much resolved most of these problems before you left here when you were Assistant Comptroller General?

Mr. Fee: I think once we got rid of teams and were able to get into some of the program planning efforts at the time Werner was involved in it and once we began to use the field as a resource because of the reasons we've all identified—they had experience, they had good working relationships, they had the knack and ability to identify opportunities—and when we matched them up with the issue area planners here in Washington, most of that started to go away.

Mr. Henson: Issue area management was the beginning of the clearing up.

Mr. Eschwege: One other matter that helped a lot in getting the field and its work better recognized was that we began to have so much congressional testimony that required the field people to sit next to me or the Associate Director and participate in hearings.

Mr. Fee: No doubt about it.

Mr. Eschwege: They also felt more responsibility.

Mr. Fee: Sure they did. They felt more involved.

Mr. Krieger: Henry, you were talking about evaluation or appraisal, and I'm sure you had the same difficulties in appraising your own people that exist in this area. Candidly, it's too bad that Charlie Moore isn't here today because what you reminded me of was Field Operations Memorandum Number One, and I think it was followed by "Number Two." There have never been any since then.

Mr. Henson: That was setting up a review procedure in FOD, wasn't it?

Mr. Krieger: Right. And Charlie Moore and I labored over that, and the whole thesis was to do just what you're talking about—create within the field organization a credible basis for making these kinds of evaluations; it was done very spottily.
My vivid memories, though, in this area—and I’m sure Frank and Dick had the experience—are of being called in to referee much shouting and intense discussion between both field people and Washington people about who was culpable if there was a problem. I can remember, particularly, having to go up to New York once with Max Hirschhorn and Frank Subalusky and referee a battle between them and Tommy McQuillen and some other very talented people.

Mr. Fee

That was before my time.

Mr. Krieger

I had to sit there for 3 days while we went through an intensive post-mortem review.

Mr. Fee

I do know about that because it took Frank Subalusky until about 1978 to agree to assign another job to New York. I personally sat down with him about a year before I left New York and told him the world had changed since then, and I guaranteed him that we would get the job done.

Mr. Eschwege

These were my guys you’re talking about.

Mr. Fee

Well, Frank had a good point from what I remember of it. He should have been upset.

Mr. Krieger

But how people share this kind of views will always be less than the ideal, until you get to the millennium. I can remember concerns raised by a distinguished citizen, Clerio Pin, when I was managing New York years ago. I’m working for Clerio right now. Art Schoenhaut, who worked with him, used to send Greg Ahart out 2 or 3 days before they came for their review, and Greg would be sitting there in a corner with all the papers piled all around him developing his litany of sins. I can remember some of the negotiations that we had to resolve some of these concerns.

But the thing that always amused me is that the outcome was generally a good one. What we were often talking about were marginal issues. Many of them were important issues, I’m sure.

Mr. Fee

But I do recall also, Hy, when you had legitimate professional differences of opinion on the job approach and then the conclusions to a job. It did take a senior person to sit down at the table and listen to both sides, not in an adversarial way, although sometimes those involved thought it was adversarial, but as a way of just trying to reach the right conclusion.
Interview With Francis X. Fee, Walter H.
Henson, and Hyman L. Jhieger
December 14, 1989

Mr. Henson

But I think where we had good working relationships, invariably the
Washington manager would come out and work with the field staff—
especially in Norfolk, which was so close. As far as honest feedback, I
didn't get much of it. As a matter of fact, the only honest feedback I can
really recall was when I was in Norfolk and Werner Grosshans came in
and told me he didn't like the way the job was going. He identified one
particular person as seeming to have a negative attitude, and he thought
I ought to look at this job. We did have a job review after he left. But we
didn't get much of that honest feedback.

Field Participation in
Planning and Staffing
Assignments

Mr. Grosshans

I'm very happy to hear that we've come a long way in resolving some of
these issues from the early days through the teams to the current
period. I do think we have a much more cohesive organization, and I
think the field is much more involved in the day-to-day affairs of GAO.
Like Henry said, maybe the work drove part of that—more of the con-
gressionals, I think, have forced us to take a look at the total resources
and to better use them.

Let me go back to the earlier days for the record and establish a little
more clearly what the field roles were and how the regions participated
in the two major areas; as I see these roles, they provided the clout for
the region—that is, the type of work we were doing and the planning
side of it. Of course, that also involves resource management. The
Regional Managers had tremendous leverage from the standpoint of
making or breaking the group they were working with in headquarters
by the way they assigned people, when they assigned them, and the
type of folks they assigned. Maybe we ought to just talk a bit about how
that evolved to the present time and what you recall about some of that.

Mr. Henson

Well, there is no doubt the Regional Managers had a lot of discretionary
authority in deciding what jobs to do, who they were going to assign to
certain jobs, or even if they were going to do them.

The formal programming that took place often was obsolete by the time
the Blue Book or whatever it was got out there, except for perhaps some
jobs like settlement work. What did take place was the generation of
work by the region working through this Washington staff—and sometimes the impetus would come from the Washington staff—working together. They would have this worked out, and they knew they wanted to do it before it even got into the issue area plans or work program plans as they came along.

So informal programming continued to take place even after programming was formalized, and I would be surprised if it isn’t still taking place informally before it gets formalized.

Now, at one time the Regional Managers’ discretionary authority did create some friction. I recall I had to look into it when Bill Conrardy was out in San Francisco. Bill had decided that he couldn’t do everything that was there for the region to do. He had decided that some parts of the work in the agencies or on programs could be done elsewhere, so he wouldn’t do those. I couldn’t argue with his decision there.

Beyond that, he also had to allocate resources. Bill had decided he could do no more than two Department of Transportation jobs at one time. Vic Lowe, Director of the General Government Division, came in and complained to me and asked me to look into it.

But Bill had to make the decision on what jobs he would do, at what agencies, and where he would use his people. And I believe that every Regional Manager was doing that, not just because they were independent enough to do it; they were filling a void that existed at that time by making these decisions.

Mr. Grosshans

Weren’t they also, to a large extent, influencing what was being done based on their own preferences and biases?

Mr. Henson

Absolutely. No doubt about it.

Mr. Grosshans

When you look around, what one region did versus another varied significantly. I think it had a lot to do with the viewpoints of the Regional Managers.

Mr. Krieger

I think Dick made a very cogent point. The job of the Regional Manager really was to see that, consistent with whatever the overall framework of policies was, the issues to be addressed were relevant and important not only to the Office but to their geographical area, to the development of the staff, and so on.
I'm sure there may have been some efforts to allocate resources to favored clients, but Regional Managers really functioned in an operations analysis mode by taking a look at the tasks and the people and trying to match them up. They may not have done it perfectly at all times but, to maintain their credibility within the organization, they had to do a good job of matching requirements and resources and seeing that they dealt fairly with their staff.

The dilemmas that you had were many. As a manager, I was always conscious—and I'm sure all the managers are—of the power that you had to influence not only the careers of people in Washington but the careers of people in the field as well. Most of the managers tried conscientiously to recognize that, if there was a difficult job and they gave it preference by assigning it to the best person—at least in their judgment—they didn't penalize somebody else whose job also had to be done.

I think there was constant balancing, trying to reconcile demands in Washington with what was available and what would produce the best outcome. No system works perfectly.

Mr. Grosshans

Let me just ask you two related questions here, and maybe you can address both of them, Frank, when you make your comments. What was FOD's role in this? When we talked to John Thornton, for example, he mentioned that when the Defense Division came out with its gray books and blue books as did the Civil Division, he and some of the staff spent a lot of hours with Bill Newman's staff, trying to make the numbers come out right. But did we ever really have any FOD involvement from the standpoint of trying to see what type of work should be done in a particular region, and what the size of each region should be?

Mr. Fee

Let me try to comment on that, because I think we finally got to where most people thought we should have been towards the end of FOD's existence. When I came to Washington in 1979 as the Director of FOD, Jim Martin headed up the Program Planning staff. During that period, the issue area planning process had really started to evolve and become effective. We worked with the Office of Program Planning and the Regional Managers in trying to clarify which areas we wanted to work in as an Office, where that work should be done based upon the demographics of the country, and, given that the work had to be done in those places, what kind of resources we had to have in the different offices to do that work. We started at the top and worked our way down to details. I think prior to that it was the other way around.
Once that process started to work and regional managers began to look at the demographics of their geographic area and compared that with issue area plans, they would say: "If environment is big in my area or defense is big in my area, what kind of people do I need to do those kinds of jobs?" They would then develop recruiting plans based upon that analysis.

What we were finding—and Dick started to touch on it a moment ago—was that there were some natural matches. In part, this is where we applied the lead region concept. There were some natural matches concerning where certain work ought to be done. It was clear that, if we were going to do payroll audits, we would do them in Cincinnati, Detroit, and Denver. With other work, we had some discretion. We could do it in several places. Where was the expertise in the region? Or what kind of expertise did we need to develop?

I know in New York in the 1976 to 1979 time frame, it was clear that we had to develop expertise in the financial market and the urban financial crisis areas. We began to concentrate people there. We also began to recruit people who had experience in those two areas, and a natural linkage began to develop.

When that occurred, relationships were strengthened and real team building began to take place. I think it has been fairly successful.

ROD headquarters did play a role in that we tried to help the Regional Managers—and through them, their staff—conceptualize the entire issue area and begin to look at the demographics of a particular region. Based upon those demographics, we began to say: "We need more people in Region A than we have, and we need fewer people in Region B than we have. How do we get there from here?"

Mr. Grosshans

I remember working with Hugo Becker on that. We’re still struggling with some of that, although we’ve come a long way. You’re absolutely right. The way we negotiate and reach agreement up front today with the regions on what they’re going to do for their respective counterparts in Washington has really cemented that relationship because they’re part of the negotiations.

Mr. Fee

I think there’s one other thing that really helped, at least from my perspective. I think it happened during that same period, from 1976 to 1982.
As the issue area plans began to crystallize and the Washington office got better at the conceptualization of and zeroing in on what the real issues were, they invited in from the regions key people that they had been working with for a long time, and they sat around a table and came up with the issue area plan.

The Washington staff would emphasize the conceptual framework of the issue area, and the regional staff would bring to bear its practical and operational experience.

There were always exceptions, but I think the Washington Issue Area Managers, the Associate Directors, and the Assistant Directors began to see that they needed input from both sides. I remember going out—and I know you went out a lot, Henry—to the different issue area planning sessions that were held mostly around Washington but also in the rest of the country. We sat there and folks were really trying to say that if this is what you want to do, then here is a place to do it or here is something that fits in.

In the early 1970s, we tried to do some of that and it didn't take. Maybe we ought to talk a bit about it. Let me just mention where I'm coming from. I don't mean it in a negative sense here. We brought people into some of those dog-and-pony shows in the briefing room. You may recall when different groups presented their program plans.

We brought the regional people in, but what we didn't do was really make them a part of that process. They weren't sitting next to the Associate Director who was presenting it. They were in the gallery and, every once in a while, you'd ask a question they could respond to. We didn't have those planning sessions that you spoke of—those came a little later—where we really got them more involved. I'm just wondering how you saw it from the regional perspective, whether you felt you did have sufficient say-so in it, or whether something was still lacking.

To my recollection, we really began to do this—I think Monte Canfield did it—about 1975. I don't believe we called them issue areas yet. But he had the energy area, and he brought in field people from different locations to meet with his staff and put together a year's work plan. That's what he called it at that time.

And that worked really well. The regions were committed to do this, and Monte committed the time to do it. I think that was the beginning. But
before that, too much of it was done at the Washington level. Field participation in the early years was sometimes “iffy.” I think that’s when we went through a period when the field staff didn’t quite feel they were a part of it.

Mr. Krieger

Everybody’s perspective is their own, but I saw some very useful things done, and I’m pretty sure that, if you go into the archives, you will see this.

In the 1971 to 1972 period, for example, I can remember Elmer Staats and the Division Directors trying to involve the regions—I think it was orchestrated by Tom Morris. Each of the regional offices went through a drill of identifying what they felt were the primary areas that they ought to be working on and where they felt their expertise was. I remember individual offices coming in to meet the audit groups. Do you have any recollection of those sessions?

Mr. Eschwege

Yes. We had, in some divisions, at least, what we called symposiums, where we would not only bring the field and Washington together but acquaint them with top officials in the agency. For example, we had symposiums on agriculture or environment. Staats would open up the sessions.

I’m even going beyond that.

Mr. Eschwege

I thought that was helpful. That was in the early 1970s, too.

Mr. Krieger

Right. There were a lot of those. What hadn’t been fully effective was the total integration. I think the time was ripe in the period that you are talking about to begin to do that. The organization was maturing. There was a lot of competence and better ways to use it were needed.

I urge you to look at that 1971 to 1972 period. And even in earlier eras, I know regional offices were asked to develop and provide Washington with comprehensive documents examining what was out there in the way of government and nongovernment programs and what issues they needed to address.

Mr. Fee

Let me give you just a microcosm of the evolution of this whole thing. I went to the regions in 1973, and FOD ended in 1982. So that’s a 9-year period.
When I first went to Philadelphia, there was little, if any, involvement of that region's staff in any of the planning. There were a variety of reasons, and discussing that would take more time than we care to give it. It epitomized a regional office that did what it thought was best to do. The Regional Manager did, in fact, have a list of jobs in his lower left drawer. He picked the jobs he wanted to do, and that was it. That's the job you got. His Assistant Regional Managers did the same thing. There was no involvement in the planning or the reporting; they just executed the assignment.

Now, over the next 9 years, the Washington Office developed its issue area focus and began to perfect it. In the early years, there was minimum involvement. There were some key spots where people had longstanding relationships. But, generally speaking, that wasn't the case. Gradually, toward the end of that period, we no longer had to convince an Associate Director in Washington that he ought to get field involvement. He was out there before we even knew about it making arrangements and working with key people trying to get the kinds of people he needed—or, more precisely, the very people he wanted to work in his particular areas.

At the time, the 9-year period in which that evolved seemed like a long time. But when you look back on it, it really wasn't, considering that Washington had to learn something first and then involve the regions in it.

I daresay that, after the demise of FOD, that continued to get better and, from what I understand, continues to get better to this day.

**Competition Among Regions**

**Mr. Grosshans**

I think we alluded to this earlier; there was a lot of competition among regions. Everyone was out there trying to market their ideas and work on as many lead region assignments as they could get— I think Seattle probably comes to mind. They might have been doing a job that was more logical for New York to have done.

**Mr. Fee**

We always wondered why. As an anecdote, I was in New York, and Seattle did a lead region job dealing with the Department of Justice and its prisons.
Mr. Henson: It involved county jails.

Mr. Fee: They did a good job and a good survey. They came up with some real issues that they wanted to explore. They came to New York City where we had more people in jail than all the people living in the county where they did that survey.

They had a devil of a time trying to meet the audit requirements imposed both by themselves and by the Washington staff. Seattle was that way. I never did understand that.

Mr. Grosshans: Did you see that as a healthy competition?

Mr. Henson: No. Bill [Conrardy] and I saw that one differently. As a matter of fact, I remember putting that on the agenda for one Regional Managers conference. Hy [Krieger] had Bill and I out to his house one evening during the conference. I asked Hy when we were going to get around to discussing that point, and then Hy commented to Bill: "Well, now you know why that is on the agenda and who put it there."

That created a sense that Seattle didn't have enough work in its region which, of course, wasn't true. If it was going to be a lead region, then it was going to expand its activities agencywide or programwide so that sometimes these imbalances would occur.

Mr. Eschwege: I don't think regional offices were particularly happy as assist regions.

Mr. Fee: They weren't.

Mr. Eschwege: I don't believe those who developed the lead region concept thought it through to the point that, once in awhile, there might also be assist regions.

Mr. Krieger: Charlie Moore would have been a very articulate commentator on this issue because he conceived the term "fly throughs" [a concept whereby the lead region would send its staff into other regions, rather than call on the local staff to do some of the work]. It created a fair amount of resentment. The driving force was one Henry alluded to—the rewards were being associated with taking the lead rather than assisting—and we always had to try to reconcile that.

Mr. Fee: Charlie may have had that particular idea, but I guarantee you Phil Bernstein perfected it.
Mr. Krieger: Quite candidly, John Thornton and I at various times had to tell Charlie to moderate his excursions.

Mr. Henson: Charlie had a gold mine up there auditing the Naval Finance Center. And, through their reviews of vouchers and different things, he really did identify all sorts of areas that needed to be looked into. On more than one occasion, the Pensacola Naval Air Training Command, located in the New Orleans Region at that time, was the target. I'd get a survey program from Charlie—and I remember this one distinctly—in which, among other things, he had just one survey step in the program to find out whether it would be cheaper to contract for the overhaul of aircraft or do it in-house.

I got on the phone and said—this was not the first time—"Hy, I've got a thing with Charlie Moore again. I'm not going to do this job he sent me." Hy, I'm sure you followed up on that.

Mr. Krieger: Yes.

Mr. Henson: But, incidentally, that wasn't Charlie Moore who required that; it was one of his audit managers who put that together. I don't even know if Charlie knew it.

Mr. Krieger: Well, Charlie had a rare insight. To this day, I can see him chomping on his pipe and energizing some of his people; Charlie was a tremendous energy source.

Mr. Henson: He sure was.

Mr. Eschwege: Speaking from the Washington perspective, Charlie was one of the most cooperative Regional Managers when it came to doing the work that the division had programmed.

Mr. Grosshans: It is unfortunate that Charlie is not here, but I will bring up this story anyway. I was sitting next to Harry Finley at a management meeting that we just concluded, and Harry told me the story about dealing with Charlie.

He went to Detroit one day and reviewed the workpapers. He wasn't too happy. That gets back to the point, also, that some people like feedback, and others may not appreciate it. Charlie didn't particularly care that Harry had some comments about his staff, so he told him to pack his bag.
and go back to Washington. He suggested that Harry never come back or even fly over his territory again.

Mr. Fee

That's right. I remember that one.

Mr. Krieger

I'll tell you my favorite story about Charlie. I was working for Phil Charam at the time. Charlie was managing a big job in Atlanta.

I visited Atlanta and the job seemed to be in total disarray. In my experience, I hadn't seen a job that was in as much trouble as that. I said: "Charlie, we'll close it down, forget about it, and I'll go home." Charlie said: "Hy, you go home. I'll finish the job." Charlie worked night and day and converted this disaster into something credible. That was the kind of individual he was.

Mr. Eschwege

He worked hard.

Mr. Fee

He did not like to be defeated. I agree with that.

Developing the Human Resources

Dr. Trask

I'd like to go now to a very important question and that is how you developed the human resources in the regions; again, let's try to do it on a comparative basis with the Campbell, Staats, and Bowsher eras.

Recruiting and Training

First, let's discuss the areas of recruiting and training. I'd like to read you a quote from our oral history interview with Leo Herbert talking about getting training started in 1956. He's talking about the regions here:

"The first thing I did was to try to find out where GAO was and that was not an easy task. For example, just getting acquainted with the regional offices, nobody even knew about the regional offices because everything was pretty well handled here in Washington. The regional offices were pretty well told what to do and how to do it. I felt that eventually, if we were going to really have a meaningful organization, the regions would have to be professional, just like the Washington people."

I guess that was the first thing Leo Herbert encountered and the first thing he thought about as he began to consider the training effort in the
regions—apparently about the same time this training effort also began in Washington.

So, let's talk about that. Very much related to this, of course, is the recruiting effort—the policies, the techniques, and the introduction of specialists and nonaccountant types.

Mr. Henson

At one time and for a long time, we hired only accountants. I first started recruiting in Seattle, where we were fairly successful.

When I moved to New Orleans, we were still hiring only accountants. I was having an awful time putting together a staff there. It was virtually impossible with the money we could offer to hire top-quality people.

I remember at one meeting—it must have been a Regional Managers meeting in New Orleans—Leo Herbert and I were talking about the recruiting problems. I didn’t know it but the Comptroller General, Elmer Staats, was standing behind us talking to someone. I was pointing out to Leo that I just was not going to be able to build a staff there because I couldn’t find the accountants to hire because we couldn’t pay them enough.

My argument was that we ought to start hiring from other disciplines. Leo was telling me why it took accountants to do our work. Mr. Staats, standing behind me, had stopped his conversation and was listening to us. He turned around and asked Leo: “Tell me again why we can’t hire nonaccountants?” A few months later, we got our walking orders to go out and start hiring people other than accountants. So, indirectly, I kind of got us started in that direction.

Dr. Trask

This has to be about 1966 or after.

Mr. Henson

Yes, in the late 1960s.

Dr. Trask

What about staffing in the regional offices between 1956 and 1966? Dr. Herbert came in 1956, and, essentially, they were still hiring accountants.

Mr. Henson

In the mid-1950s, they were hiring CPAs directly out of CPA firms. I think I probably got in on the tail end of that when I joined the Office in 1957. It was about then that we began to try to hire accountants right out of school. Leo set up basic, fundamental training programs. Training was centralized at that time. Later on, it got decentralized. It got centralized
again, and then it got decentralized again. Finally, it was centralized and apparently has stayed that way.

Mr. Krieger

I'll endorse Leo's comment. I think it was relevant at that time. Leo was brought in with a clear mandate from Joe Campbell to expand recruiting. Up to that point, it had been done by a half a dozen people.

Charlie Murphy was one of them, but before him there were Mel Werner and Harry Trainor. They did an exceptional job. They focused on a very limited number of schools. They relied heavily on the public accounting community. Many people were brought in from public accounting. They also relied on another resource that hasn't been mentioned before. Initially, the population of the Office was heavily weighted towards people who had served in the Navy Cost Inspection Service, the Air Force contract audit groups, or in the different defense-oriented units that had been demobilized either after World War II or after the Korean conflict.

Leo recognized the need and the Office was growing, also. If you look at the manpower statistics, you'll see, as GAO was losing people who had been involved in accounting/bookkeeping and centralized audit functions, it was building again by hiring accountants.

Leo, prior to having served as the Assistant State Auditor of Louisiana, had been an academic, and he was better acquainted with the recruiting potential at the schools. GAO began to emphasize that and the in-house training programs. The early ones were definitely modeled after the same programs in the public accounting firms.

He stressed the need to develop relationships with the academic community in the area and recognized that GAO had to make a long-term investment in that.

It was difficult to recruit at the universities. The public accounting firms were in a growth period. They were our natural competitors. GAO had to work very hard to get recruits.

Herbert and his assistant, Ed Breen, with the support of the Washington groups, catapulted us into university relationships. As time went on, other competitive forces took effect. In reference to Dick's conversation with Leo, I think our public-accounting-oriented types grudgingly accepted the ability of people from other disciplines to make a contribution—but I believe the field organizations welcomed this earlier than the headquarters organizations.
I can remember some of the kidding we got for hiring music majors to make audits. But, as Dick mentioned, this was nothing unique. We had gotten away from the attest function to a great degree. Those standards were no longer directly relevant to many of the things we did.

It was really Staats who provided the great push there. Once we recognized that other disciplines could and should contribute and that our work was getting more complex, we began to recruit not only music majors but mathematicians and others.

It wasn't welcomed universally in the field, but I think those managers—unable to recruit sufficient accountants, but having the work at hand—went out and developed some very good sources for recruiting people from other disciplines.

Dr. Trask

Did the regions do their own recruiting at this time?

Mr. Krieger

Yes.

Dr. Trask

And what role did Regional Managers play in that?

Mr. Krieger

You had a structure within the regional office. In the early days, Regional Managers—certainly during the Campbell period—felt they needed to have a direct involvement in that decision-making process because recruits were going to be exposed at the home office. The managers directly participated in the recruiting. I can remember visiting many universities.

But, over time, Regional Managers developed training organizations and had training coordinators. The strategy was to send people who were graduates of individual institutions back to act as primary recruiters. We had some very creative programs—1- or 2-day sessions for faculty from different institutions to expose them to our work. We had the early internship programs. These programs, I believe, have persisted to this day.

Dr. Trask

It sounds pretty much like what was going on here at headquarters in recruiting and training. Is it fair to say these activities were duplicated in the regions?

Mr. Fee

I think so. Certainly, by the time I got to Philadelphia and then went on to New York, this evolution to a multidisciplinary group was well entrenched within GAO.
I think we had business-related disciplines in the regions at that time. We didn’t start breaking out of the business-related disciplines until the program planning sessions, which we were talking about earlier, started to evolve and get perfected. Once that happened, then the regions spot-tily began to break out of that set of disciplines as well.

Mr. Krieger

One of the earliest groups of nonaccountants hired was the computer folks, who were to create a capability to do our work via the computer.

Mr. Fee

I was going to go back to the question as it relates to the efforts under the different Comptrollers General. While I didn’t have much to do with it at all when Mr. Campbell was here, Elmer Staats was instrumental in transforming the staff from one purely of accountants to a multidisciplined staff. He continued to push that through almost to the last day he was here.

When Chuck Bowsher came, one of the first things he did as Comptroller General was to ask questions about the capabilities of people and the kinds of disciplines that we had, both in Washington and in the regions. In fact, he was sworn in in the morning, and, that afternoon, he had a session with all the Regional Managers in Atlanta. Much of the focus of that discussion was on the kind of people we had and what their training and development programs were. So he obviously has maintained that as well. It has been fairly high up on his priority list.

Regional Grade Structure

Dr. Trask

What about the grade structure in the regional offices? Werner [Gross-hans] told me yesterday that for a long time Al Clavelli as Regional Manager of San Francisco was a grade 14. How did that change? Did the regions feel that they were being cheated, for example, compared to Washington in terms of grade and qualified people?

Mr. Fee

I don’t remember when the Regional Managers were grades 14s and 15s.

Mr. Krieger

They were 13s at one time.

Mr. Fee

When I got involved in it, they were at the supergrade level — grade 16. In the early 1970s, everyone was a grade 16.
Eventually, some were 16s and some were 17s. You began to see that grade creep up, at least at the Regional Manager level. It related to the size of the staff and the relative complexity of work of the particular region.

The real crunch came at the 13 and 14 levels where the regions were somewhat more limited in the numbers of people they could have in those positions, depending on their responsibilities on particular jobs. The way the system worked in government, the folks in Washington, because they had more ultimate responsibility for the assignment, were able to justify a somewhat higher grade structure in relation to the top person. In the regions, because a lot of the work involved the execution of assignments and only limited overall reporting responsibilities, the grade structure tended to be somewhat lower.

That always bothered the people in the regions. They couldn't understand exactly why they couldn't command a higher grade. But when you looked at their relative responsibilities, I'm not so sure that GAO could easily have justified too much of a higher grade structure than they had.

Mr. Krieger

Can I share an anecdote? You may remember the episode. You can go back in history and check it out.

Mr. Campbell was testifying on the GAO appropriation act one year. I believe it was Albert Thomas, a very distinguished Representative from Texas, who asked how many supergrades GAO had in the regional offices. At that time, GAO had none. Campbell went back to the office and pursued the matter. As a result, Jim Rogers and I became the first two supergrades in the field. I was managing New York at the time.

The sad aspect of that was that I outranked my boss, John Thornton. It wasn't until I moved to Washington that John was promoted to a supergrade.

Mr. Eschwege

Who provided that question to Albert Thomas?

Mr. Fee

The gentleman to my right [Hy Krieger].

Mr. Krieger

That's the way history is often made. Mr. Thomas was a friend of the Office, of course, but I thought it was an interesting human issue there. I think I had enough involvement with both the regions and headquarters, having really grown up in Washington and the field. There were field offices with people in them who, I think, were capable of assuming as
great a burden as anybody in Washington. The challenge to the organization has always been in creating those opportunities.

Mr. Fee

I agree with that. I didn’t mean my comment to be inconsistent with that.

Dr. Trask

What about the role of the Assistant Regional Managers? There were a few, I gather, in the earlier years. How did they fit into the management structure?

Mr. Henson

This varied among the regions. In Philadelphia, I recall that Harry Kenisky had a definite responsibility in the defense area. We found other regions where the Regional Manager was “the audit manager,” and the ARMs had to kind of carve out a niche for themselves. Dion Decker in Dallas concentrated on training, and he was very good at it. As for some of the other guys, we weren’t sure what they were doing, to be honest with you.

Mr. Fee

It was hard to justify and develop a grade structure above grade 14 in the region—especially the grade 15 level. It was relatively easy to justify a supergrade position for the Regional Manager, because of the scope of responsibilities, the number of people supervised, and the geographic area covered. It also was reasonably easy justifying a grade 14 for an audit manager running multiple assignments. That ground in the middle [GS-15] was very difficult to justify in either areas of responsibility, as Dick is saying, or in the overall general management of a region.

In talking about the general management of a region, maybe one person was needed to help the Regional Manager do that—especially if you had 125 or 150 auditors.

As for the work load and functional responsibility, maybe one was easily justified. Justifying that second one was harder.

When the regions began to expand to two and then three Assistant Regional Managers, that’s when it was really difficult to provide a career ladder with any degree of certainty to it.
Maintaining High Staff Morale

Dr. Trask

One aspect of the human resources area that we want to talk about is morale. I assume the problem of grade structure is one of the things that affected morale, but what other problems were there regarding morale? Were there things that were bothering staff in the regional offices?

Mr. Henson

I'd say the biggest factor was travel. This varied among regions. Weekend returns home in many instances were just impossible. Each Regional Manager tackled that differently because they had different territories, different sizes of regions, and different concentrations of work.

I remember Boston and Norfolk—and I think Seattle—did it one way. We simply took a look at the cost to stay at the site and decided the regions were geographically small enough that it would be economical to bring the staff home on weekends. We would split the time: They'd donate half of their own time, and we'd donate the other half by giving them time off from work. That helped an awful lot.

When I got to Washington, I thought that was probably the one single thing that I really wanted to tackle. We had a study made, and somehow we did work it out.

Mr. Fee

You're right. You did spearhead that effort when you came to Washington. It was just a question of justifying it on a cost basis—the number of days out of town versus the number of days back in town and the relative cost of returning home on weekends was worked out.

Mr. Henson

Costs of the loss of staff and the retraining of new staff were also considered.

Mr. Fee

That's exactly right. We related it to the turnover of staff. If we could cut down on our staff turnover through a more generous return-home weekend policy, we'd be able to justify the additional cost. And, indeed, that's what happened. That one point, getting home on the weekend, was the single biggest reason for losing people in certain regions. We were able to demonstrate the benefit of allowing them to return home every other weekend or whatever it was. Our turnover went way down. I don't recall the exact statistics right now, but the lower turnover easily
justified the additional cost. The group we worked with included members of the Office of the General Counsel. We had a very specific formula to satisfy.

Mr. Henson

Right. We had to ask for a Comptroller General's decision.

Mr. Krieger

But you see, even in this area, we saw signs of a maturing organization. I think Werner alluded earlier to GAO's Interior work and travel crews. When GAO was a younger organization, many of the individuals were single and had no problems being away from home for extended periods of time. Our Interior people might have left in February and not have returned until November. I can remember leaving Washington one year in April and not coming back until December. But I was young and single, and many of the regional offices were staffed with such people.

As the staff matured and acquired families, it did become a problem. GAO did work out some very intelligent approaches to that.

Mr. Fee

One other area worth mentioning with respect to morale is the perception by the field staff that the Washington staff accepted them or felt good about the work they were doing. To the degree that those compliments came and that recognition of involvement came, morale remained very high, and people could put up with the travel and the grade limitations as long as they thought they were part of a team.

Once that broke down—or if it didn’t exist—then it became harder for people to justify in their own minds the extra hours they were devoting to the job.

Dr. Trask

Was there a particular time when, from the point of view of people in the regions, things like that looked better?

Mr. Fee

It was cyclical, to be honest with you. At the height of teams, as we talked earlier, it was at an all-time low for some people. The program planning process that we talked about in which the regional people came in and sat around the table with the Issue Area Manager and the staff here in Washington resulted in morale being at an all-time high. So morale tended to fluctuate depending upon how much involvement and participation people felt they had.

Dr. Trask

Is it fair to say that there was a time in GAO's history when the people in the regions felt like they were second-class citizens? Is there any of that at the present time?
Mr. Fee

The phrase "second-class citizens" was thrown around at times. My recollection of it is that it was thrown around more at the time of the teams debate than at any other time. It depended on who you were whether you felt that way. A grade 14 in a region who was a Team Leader on a job or even a Team Director thought that was the greatest thing in the world. He got rid of that hierarchy that sometimes got in his way in the region, and he was dealing directly with an Associate Director in Washington. His or her morale was reasonably high at that point in time.

The morale of the management in the regions, however, was really low at that time. So it did depend a bit on who you were or what position you held.

Mr. Krieger

But, over time, it seems to me the critical issue has been and continues to be that the range of opportunities in a small operation—and even a 100-to 150-person operation—is self-limiting. As Henry mentioned, one-third of the work force is in 14 regional offices, and two-thirds of the work force is here in Washington. Inevitably, there is a maximization of opportunities here. Unfortunately, despite the efforts of Frank, Dick, myself, and others in trying to inject a degree of realism, the field people didn't always take advantage of opportunities to come to Washington.

I can recall many times encouraging people to consider the risks and the benefits involved in moving to another location. Inevitably, that was a factor that weighed more heavily on field people than it did on the Washington staff. As far as my knowledge, there was always the option for talented people to move within the organization.

That was subject to the limitation of travel funds, which arose every now and then, and the cost of living in Washington was higher than in some of the regions, like Texas.

Mr. Krieger

I can remember that when there was a standing joke in FOD that FOD had a rotation program, it was Hy Krieger moving.

Mr. Fee

It certainly sounded that way.

Mr. Krieger

But those opportunities were available to everybody. Also, looking at it in an even-handed fashion, there were morale issues. Frankly, I just did not believe that they were beyond the capability of either the local managers or the people involved to solve for themselves.
Mr. Grosshans

I'd like to get into a slightly different area, that of dealing with the responsibilities that we gave our younger people. For example, when some of us came through the ranks as grades 7 through 9, we ran assignments. We even testified. We were assigned to committees. I testified as a GS-9. We don't have that today. We've gotten more structured, and a lot of that is appropriate. We look to 13s and 14s to be EICS [Evaluators-in-Charge].

I remember a lot of people in the regions were very, very unhappy that they didn't get some of those opportunities and responsibilities when they felt they were ready.

Did you sense any of those concerns as we moved towards the current structure?

Mr. Henson

I guess I can't speak from a fieldwide perspective, so I'll have to speak from my experience in Seattle, New Orleans, and Norfolk.

I think when we had lead region assignments or when we worked on a single finding, I can't recall that people felt they were second-class citizens.

On the other hand, not having that kind of work had a very definite effect. The Washington Regional Office was established basically to assist work at the Washington level so that the field wouldn't have to send their staffs to headquarters so often. Well, Don Scantlebury immediately discovered that his staff wanted to have lead region jobs, too. So what we ended up with was a region in Washington that operated like any other region.

Mr. Fee

I guess, Werner, there were some of those concerns that you raised as we began to change. Some of the opportunities that we were thrown into and capitalized on and were fortunate to have didn't appear as often as perhaps they once did. As a result, not everybody had those same opportunities.

My sense was, at least towards the end of FOD's existence as we were getting away from teams and back into a normal operating structure, that wasn't a big problem. It was there and people talked about it, but it at least didn't seem at the time, as I try to recall it, to be a major issue.

Mr. Grosshans

One other area falls into this category. You alluded to the fact that some of those who were Team Leaders and Team Directors really liked that. I
also know that some of the folks who were audit managers before and were thrown into these new categories didn’t particularly appreciate that. A lot of them—particularly at the 14 level—really struggled with that changing role.

Mr. Fee

I agree with that. I think your assessment is correct. Dick had mentioned earlier that he favored the audit manager role as the highest and best use of that level of person. When we asked audit managers to run one job and/or a primary job and maybe also take on a collateral duty, they had a very difficult time. I would literally spend hours talking to people in the different regions when I was Director about how they were coping with that.

They felt that lessening the number of things that they could contribute to at any given point lessened their value to the organization. We had hoped, however, that by lessening the number of things they had to tend to, they could give more attention to the assigned work and get it done quicker and better. There clearly was a difference of opinion among the management and the staff on that point. I don’t think it ever went away. I don’t think we ever convinced traditional audit managers that the pain they were going through was really good for them.

Mr. Grosshans

Do you think the fact that we didn’t apply that across the board hurt us? Dick mentioned already that in some regions they still used audit managers. They may have given them a different title, but they still used them in somewhat that capacity. Other regions strictly implemented the teams role, causing some of the folks who were looking across the regional boundaries to say: “Gee, they still have the good life. We have to be satisfied with one job.” I’m curious whether you had any reactions.

Mr. Henson

There was an awful lot of discussion about that. Conrardy started the project manager role in the mid- to late 1960s, so the staff in Seattle was used to leading a project and had been used to that for years. Irwin [D’Addario] implemented it when he went to Denver, and I remember talking to him about this at some length.

Mr. Fee

Yes. I ran into it a lot; the inconsistency among and between the regions and Washington during that era was a real morale problem. We didn’t have an easy answer. Some regions were trying to implement the policy we laid down and implement the guidelines, and they were taking the heat for trying to do it. Others were able to branch out in small ways to mitigate the impact of that and either were allowed to get away with it.
or were able to get away with it because we couldn’t oversee everything that was happening. That caused a great deal of dissension and concern at times among people at the same grade level and across organizational lines.

The other point worth noting is that that was a double-edged sword. There were some people who were really given an opportunity to achieve in their new GS-14 role because they could do one thing very well as opposed to being able to do nine things very well. So some people did benefit from it, but I say that only to provide a bit of balance to that issue. I don’t think that’s intended to override the fact that the vast majority of the grade 14s in the regions disagreed with that particular policy.

Mr. Grosshans
I looked at it more from a standpoint of their quality of life. They had achieved a certain status, and all of a sudden they were back running assignments like they were at the grade 11, 12, or 13 level.

Mr. Fee
That’s a good point.

Mr. Krieger
There was a heavy human cost, unfortunately. I certainly do hope we recovered from that many years ago. But Werner’s point is important. These people had been aspiring for many years to get to the point where they could spread themselves around and get involved in a number of jobs; it gave them options that other people didn’t have.

Mr. Fee
In retrospect, I think we did underestimate that point. Again, we were trying to implement the concept as it was laid out by the task force and as the Comptroller General wanted it done. In doing it, we pushed that point. I think we clearly underestimated the impact.

Mr. Krieger
I realize we’re talking about the field organization, but I always thought the problem was in Washington, rather than in the field.

I can still remember—and Henry, correct me if I am wrong—people saying: ‘I’m managing 60 or 70 assignments’ or some absurd number like that. We just wondered, if you’re managing that much, are you really managing anything? That was seen as a badge of honor back in Washington, so it wasn’t surprising that, on a smaller scale, it was a measure used also in the field.

Mr. Henson
Also, when we limited the audit managers in the field to a single assignment, we didn’t see the same thing happening in Washington—or at
least not to any great degree. We had GS-14s still running more than one job in Washington. Now the field could look at it and honestly and correctly say: “Look what they did to us, but they didn’t do it to the other side.” That had a big affect on morale.

Mr. Fee

That was a tough one.

Hiring Women and Minorities

Dr. Trask

There is one other aspect of human resources that we need to at least mention and that is the effort to create a healthy EEO [equal employment opportunity] environment—hiring women and minorities. Did that create problems for the regions? How was that handled by the regions?

Mr. Henson

I’d like the record to clearly show this because I have heard it said that we, as an Office, didn’t really start trying to hire minorities—and, more specifically, blacks—until about 1974 or so. That just wasn’t so.

Leo Herbert came to us in New Orleans in 1966. First, he had me identify all of the predominantly black colleges. He and I went to every one of those schools and talked to the presidents, got to know the placement officers, and, starting that fall, began to actively recruit.

We weren’t all that successful because we simply could not pay enough money. At that time, the big corporations like IBM were out hiring the top people. We did hire a few minorities in those days, but they were hard to find. So we were trying, and I’m sure that was happening elsewhere in the field because I know Leo went out to the other regions for the same purpose.

Mr. Fee

Yes. By the early 1970s, the Office had begun to change the makeup of its work force from a predominantly white male organization to one that had women and minorities as well. And I think that objective, as laid out in the civil rights legislation and as implemented by people like Leo Herbert, Elmer Staats, and later Chuck Bowsher, was reasonably well accepted. I didn’t sense at the time any great animosities or resentments about trying to change the work force.

We occasionally had some problems when it was perceived that someone was promoted to a GS 13 or a GS 14 position in the regions or a GS 14 or
a GS-15 position in Washington because the individual was a woman or a minority. That was just something we had to deal with. We always knew we had the support of senior management of the Office in doing so, so we were able to carry it out. But, throughout GAO, I didn’t see it as a very disruptive thing during that entire period. I think it was handled reasonably well.

We had a program that dealt with functional racism. The message of the functional racism program was a good one. Its implementation failed terribly, and that affected the regions more than Washington.

Stu McElvey was a strong supporter of equal opportunity and of trying to build the right type of organization, but its implementation fell so short that it caused a great deal of anxiety and discussion within the field structure. Once we went back to a program of affirmative action and equal opportunity, the issue settled down again.

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**Mr. Krieger**

I share your views, but I would add that, from my perspective, the field organization was in the forefront of many of these efforts. We were working in different communities and areas and felt strongly about the necessity to pursue affirmative action. We may not have been as aggressive as we should or could have been. But we were aware of affirmative action and working at it, and it was happening.

As a matter of fact, in managing an organization in the Los Angeles area, it would have been foolish not to try to avail ourselves of the total resources of the Hispanic community and actively seek out people.

**Mr. Fee**

And, in fact, you accomplished that.

**Mr. Grosshans**

I want to echo what you said. I think we did the same thing in San Francisco. But one area of some concern was the impact of extended travel and the introduction of women auditors to GAO. Was that a concern? In retrospect, it didn’t prove to be a big one.

**Mr. Henson**

We did have some problems, but they were fairly isolated. Some of the wives objected very much to their husbands being sent out on the road with other women, but I think that was just a question of their getting used to it.

**Mr. Krieger**

That was the initial shock.
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Mr. Henson: I don’t want to name any names, but there was an instance in which one young lad ended up divorcing his wife and marrying the auditor.

Mr. Krieger: But you’re talking about life. That’s a cross section of life.

Mr. Fee: I think it was a relatively short-lived problem. As the work force began to change and everyone recognized that, the concern disappeared.

Mr. Grosshans: What helped was that we had some very good candidates. Mary Nobel in San Francisco was one of the first women auditors; she is now the Assistant Auditor General of California. She was just super and that really helped.

Mr. Krieger: Candidly, that’s what I thought was the great value. Not only were these people scarce human resources we needed, but they injected a degree of competition that had been lacking in the past.

Mr. Henson: And it was quite pleasant to all of the sudden find that we could hire these top-quality people.

Role of FOD Headquarters

Mr. Eschwege: We’ve already talked quite a bit about FOD, but I want to tie up some loose ends. Maybe this is directed towards Hy more than the others because I’m trying to pinpoint how that division functioned before Stu McElyea took over.

Here was a division of about three or four people in Washington trying to manage the operations in the field. Now, you have previously said that you, as Regional Managers, had certain direct lines to the Comptroller General and that you worked directly with the Washington audit divisions. What was left for FOD to do? Hy, you were the Deputy Director at the time?

Mr. Krieger: Right. John Thornton had an extraordinary ability to break problems down into their simplest components and solve them on the spot. With John, you generally didn’t have to wait 2 or 3 weeks to get a decision.
Mr. Eschwege: Are these problems that arose between the divisions and the Regional Managers?

Mr. Krieger: The whole panorama. When you've got thousands of people in your organization, you have a geometric number of problems, ranging from the personal problems of an individual to the most complex interrelationship problems. I'd like to think that maybe I even helped John in this regard. You might start out in the morning with a laundry list of concerns that had been conveyed to you, and you'd just walk down the hall, stop in and see people, and get them resolved. It was a simple and direct kind of operation. John's guidance helped me in that, over the years, I committed very little to writing; if you didn't record it, it wouldn't come back to you. I know it is a problem for historians, but we generally tended, for better or worse, to solve the problem right then and there. It didn't hang over us.

Mr. Eschwege: So you were a problem-solving organization? Did you get at all involved in the technical aspects and the substance of the work?

Mr. Krieger: Well, Field Operations Memorandum Number One—

Mr. Eschwege: I am more interested in how you did it in practice. I know Stu did it differently, and Frank did it differently than John.

Mr. Krieger: Well, John and I were different. People sometimes used to make the same nasty comments about me that I heard them make about Frank. Having grown up doing audit work and fancying that I had some knowledge of what it was all about, I tended to intrude more than I probably should have. But yes, we got involved. The fact that we were operating as a headquarters element and were the link between the region and the home office didn't keep me from doing that. John occasionally used to chide me about it, but he generally let me do whatever was sensible.

Mr. Eschwege: That was true of the Regional Managers, too.

Mr. Krieger: Right. It was a very informal, one-on-one kind of operation. You must remember that at one time John managed that whole operation by himself with one secretary, Kay Chaconas. He had incredible recall. He was just an individual with rare talent.
I used to chide John about having a better knowledge of the work than most people in the organization, but he would tend to refrain from getting involved directly in the technical issues unless they were of such magnitude that he felt he had to.

Mr. Eschwege

But as one of you mentioned earlier, you did get, of course, into budgeting and staff resource questions. What about questions such as, "Do we still need this suboffice?" Or, "How big should Chicago be in terms of staff resources?" What did you do about it, if a regional office was too big?

Mr. Krieger

That was constantly under review by John in his travels. If you read the trip reports, you will see that we were raising these questions regularly. Should St. Paul be a regional office or a suboffice? Should New Orleans be an office? Did we need an operation in Syracuse?

We would generally discuss it with the managers. Typically, it would be a rare Regional Manager who would be comfortable with closing an office—or even a reduction in staff. I see Werner grinning at me. I know of the rivalry between the San Francisco and Los Angeles offices.

Mr. Eschwege

I was going to bring it up if you didn't.

Mr. Krieger

The popular perception is that, once they moved me out to Los Angeles, the fulcrum swung the other way because Hal Ryder [Regional Manager, Los Angeles] was constantly complaining about Clavelli [Regional Manager, San Francisco]. When I got out there, there were no complaints.

Mr. Eschwege

San Francisco was a federal city designated by OMB [Office of Management and Budget], right?

Mr. Krieger

Right.

Mr. Eschwege

I always thought it would have been easier to move the federal city to Los Angeles than to make peace between GAO's San Francisco and Los Angeles offices.

Mr. Krieger

Well, my thesis at that time—which I think you folks are going to have to look at in the future—is that that area is going to be the center of the universe. Eventually, the Pacific rim, the real fulcrum, will be not only the center of population but of literally everything.

Mr. Eschwege

It might even be the center of an earthquake.
Mr. Fee

One day, Los Angeles might even be where San Francisco is.

Mr. Krieger

But, in any event, I recall Mr. Campbell raising these questions. I recall Elmer Staats wanting responses. While the nature of GAO’s work was criticizing other organizations, we generally saved our most searching criticism for each other and our own operation. Would you agree with me?

Mr. Fee

Absolutely, I agree with that.

Mr. Henson

As for the role of John and FOD, I and most of the other Regional Managers—not all of them—made it a point to talk to John about once a week. He liked to be kept informed. We would often talk to him and get his advice, if not consent, on some move or change we were about to make.

Many, many times, I called either John or Hy when I had a problem, whether it involved a job, an individual in Washington, or another matter.

Now, if you multiply that time spent with one region with similar efforts in the other 18 regions (which we had when I was in New Orleans), you’re talking about a big chunk of time. It was a very necessary function.

Mr. Fee

I think it changed later.

Mr. Eschwege

That’s why I confined it to that earlier period. Would I be wrong in saying that it was a useful operation as a sounding board and problem-solving organization, but it wasn’t what you might call an authoritative division directing Regional Managers every week or two to do this, that, and the other thing?

Mr. Henson

John’s style was not to direct or tell. He had the authority; he could have. But he didn’t exercise it that way. He gave you his thinking.

Mr. Krieger

But he was respectful and mindful of the roles of the other Division Directors. Frankly, when he chided me occasionally it was because he felt I was getting into areas of responsibility of the operating divisions—that it was these divisions that had the final say on the issue, its significance, its prosecution, and so on. He had a clear line of demarcation regarding the institutional aspects of the regions—why they were there, what they were supposed to do, the personnel they had, and so forth. He believed that the technical work of the regions—he could tell
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you this better than I—was really the responsibility of the operating divisions.

Rotation of Regional Managers

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<tr>
<td>Mr. Krieger</td>
<td>They never had any problem with me.</td>
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<td>Mr. Henson</td>
<td>I don’t think that was ever implemented. A few of us did move. I moved four times—probably more than that. I’m trying to remember.</td>
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<td>Mr. Fee</td>
<td>We kept it going. The part of the policy that we didn’t stay with, as a hard and fast rule, was the 8-year term. At times, it was shorter than that to accommodate a particular personal situation. Sometimes it made sense to extend it to 9 years rather than move someone again who was going to retire. But in the time that I was in FOD we moved almost everybody.</td>
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<td>Mr. Krieger</td>
<td>I think you bore the brunt of it.</td>
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<td>Mr. Fee</td>
<td>Yes, I did; I moved a lot of people. Jim Hall eventually retired; that took 10 years.</td>
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Bill Conrardy in San Francisco eventually retired. Tim [McCormick] went out there. But one of the reasons that Bill retired was that we said, “Your time is up.” Dick, you went out to Seattle about the same time I came in.

It was time to move Irwin D’Addario in Dallas. We were fortunate he wanted to go back to the Northwest, so we were able to accommodate him. Jim Martin replaced him there. Dave Hanna went from Kansas City to Denver. In any event, we moved a lot of people around. So it wasn’t a hard-and-fast rule, Henry, but it happened.

Mr. Eschwege

But we got the feeling that some Regional Managers did retire rather than rotate.
Interview With Francis X. Fee, Walter H. Henson, and Hyman L. Krieger
December 14, 1989

Mr. Fee

Mr. Fee

Yes. Charlie Moore, Bill Conrardy, and Jim Hall did retire rather than rotate.

The one area that we didn’t touch on that might be worth commenting on for our record is the demise of FOD. We might comment on how at least the three of us felt about that because I was the Director at the time that decision was made, and Dick was a Regional Manager.

Mr. Krieger

I was gone.

Mr. Fee

But recently gone. Let me make a comment, and I’m be interested in how the other fellows feel about it.

When Chuck Bowsher came in and began to look at the organization and its environment, that is, the demands placed on him by the Congress and a changing U.S. and congressional environment, in particular, he felt he needed a somewhat different organizational structure than had existed for several years.

We spent a great deal of time talking about FOD, what it contributed to the overall organization, what its role was, and whether it should continue. We literally had hours of discussion and debate among a lot of people about the best way to use the resource that was out there.

Chuck’s idea—and I think his organizational sense about it—was that we should integrate the two operations, so that people would not be talking about Washington and the field but about how best to get GAO’s work done.

I supported the concept. The demise of FOD to me was natural. I thought it was the right time and was appropriate. It was just another step in a continuum of change that had taken place during the whole period that we have been talking about. So I was in favor of it, and I spent the next 3 years trying to make all of that work.

There was a down side to it, clearly—that loss of identity on the part of the regions. They were organizational entities unto themselves and not tied in any organizational sense but 1 of 22 — or whatever the number was — organizational elements of GAO. They lost, I think, that voice in Washington that was one role of the Director of FOD: trying to solve problems, smooth relationships, and square away the alignment of resources.
That had a negative effect on a lot of people, and it probably still is evolving. People probably still feel that we should have kept a strong FOD, but at least it was my sense at the time that, given the evolution of GAO's role and the way Chuck was working to accomplish that, the two separate operations really were incompatible.

So, from where I sat at that time, that's how it looked to me.

Mr. Krieger

In all candor, having been there at the birth of FOD but not at its demise—although I still have a little difficulty with that word—I have no reservations about what you just said. I think it probably was time to realign the organization.

I believe organizations are living creatures, and they need to be modified and to adapt to change. That's what makes for survival. So I don't have any reservations. I hope we see more migration. If you're going to have integration, you're not going to have a revolving door but movement. I think you did a beautiful job just now of outlining the rationale.

Dr. Trask

On occasion, there have been some problems in the relationships between GAO and the Congress, and we want to talk about two or three of these briefly. One was the so-called zinc case in 1955 or the "zinc stink," as it is sometimes called. That had an impact, among other things, on the Office of Investigations. Do you have any observations?

Mr. Henson

Yes. We did a job at American Zinc, a company headquarteried in St. Louis. There was a factual error in our report. It had nothing to do with the finding, but the contractor's attorneys were able to take that and, in congressional hearings chaired by Senator Stuart Symington from Missouri, get it so turned around as to clobber us with it to the extent that Joe Campbell had to make a public apology.
One of the outcomes was the demise of the Office of Investigations, which probably made a lot of sense anyway because of the change in direction that the Office had already initiated.

Another outcome of that was the introduction of the referencing process. We made a factual error in that report because it had not been reviewed for accuracy by someone not involved in the assignment. So we established a procedure whereby someone not associated with a job looked at the supporting evidence to verify the facts, and raise questions as necessary.

Mr. Krieger

Could I respectfully clarify that? Referencing was part of GAO's culture as far back as 1946, but the Office of Investigations didn't apply it.

Mr. Henson

Oh, is that it? Okay.

Mr. Krieger

But the audit divisions had referencing; that was a requirement.

Mr. Henson

But wait a minute. Referencing was introduced in Seattle only after I joined the Seattle office in February 1957. I suspect we had a sometimes procedure that was institutionalized Office-wide after the zinc case error.

Mr. Krieger

Well, I can speak for Washington.

Mr. Eschwege

That goes to show how independent Seattle was.

Mr. Krieger

Seriously, that was, as you say, a traumatic experience.

Dr. Trask

At least in part, Campbell blamed that on the Office of Investigations, but were there other problems with the Office of Investigations? Did something else enter into the decision to abolish Investigations?

Mr. Henson

Not to my knowledge. I thought they were doing a fair job. I know they had some good people, for example, Fred Thompson, whom I knew very well. Bill Ellis, the Director, had a good reputation.

Mr. Krieger

They were exceptional people. The Office of Investigations really had become an anachronism at that time. It had lost its function. Most of its work was being done on audits of post offices and commissaries; they actually did the early corporation audit work. When the Corporation Audits Division was established, it did whatever work the Office of
Investigations had been doing under the Government Corporation Control Act.

I recall going over and getting from Investigations the earlier workpapers of some of the government corporations that we were working on during that period.

Did they have CPAS?

Sure. They had some—Frank Matchet, S. B. Tulloss—were a couple of the old-timers who worked there.

By 1955, Investigations had some very talented people, but it really didn't have a mission any longer. Even though our credentials said we should investigate expenditures, the function didn't exist, and we were just tying up ends of things. We were still going to post offices and counting the stamps and cash and doing cash accountability work.

I happened to be working on the GSA [General Services Administration] stockpile at the time, where a major problem was the lack of coordination between the people on the audit side in GSA and the Office of Investigations. The decision was made that the functions needed to be consolidated.

It made for some very tense times. I believe Bill Ellis left shortly thereafter to go with the Federal Power Commission. Bill certainly was and is a very talented individual. The change freed up some resources for the audit area.

Apparently, a lot of investigators were absorbed by the regions, weren't they? Were they well received? Could they be integrated?

It was a mixed bag. We were able to convert some of them to auditors. In part, it became a problem of being able to certify them as auditors. Some of the more talented investigators moved to Washington or to other agencies all over the country.

Those who were converted eased into the job fairly well. I don't recall any real problems.

Another related event occurred about the same time—the so-called "Lipscomb" report was released. Congressman Glenard P. Lipscomb of California held hearings on GAO's operations; Campbell testified. As a
matter of fact, the Lipscomb report recommended abolishing the Office of Investigations, which Campbell had already decided to do by the time the report was released. Partly as a result of that report, GAO's Accounting Systems Division was also abolished. Did that have any impact on the regional structure?

Accounting Systems Work and Labor Rackets Probe

Mr. Krieger

Not really. That was more of a Washington issue. There were actually two competitive forces at each of the major Washington job sites—the good guys and the bad guys. The Accounting Systems people were conditioned to working in a very constructive way with the agency and trying to encourage them to improve their systems. The audit people were out there trying to describe how poorly things were going. So there was some tension there. Relations improved when we didn’t have GAO represented by as many as two or three different groups responding to different stimuli from Washington.

One event with regard to the Office of Investigations is maybe being overlooked. Almost at the same time that Investigations was abolished, we had heavy demands placed on us to assist in the labor rackets probe. For the first 2 or 3 years from about 1956 to 1959, the hearings by Senator John McClellan and his assistants, including Bobby Kennedy and Pierre Salinger, were sort of living with us. As a Regional Manager, I found the investigators to be very responsive to the work that needed to be done. They were a significant resource in helping us meet the McClellan Committee demands.

Mr. Henson

They sure were.

The Holifield Hearings of 1965

Dr. Trask

There is one other event that we can’t pass over in this interview, because it was, in some respects, the most traumatic event in GAO’s history and that was the Holifield hearings of 1965. I am particularly interested in what you have to say, if anything, about the impact of the Holifield hearings and recommendations on the regions. Among other
things, Defense contract auditing was by and large suspended, and that probably had some impact.

Mr. Henson

We continued to do contract audits for awhile after the Holifield hearings, but Elmer Staats came aboard and he favored and introduced the concept of programwide or broad-based reviews. As we began to move into that concept, individual contract audits and reports really were no longer appropriate. Although I've heard it said often that we backed off from contract auditing because of the Holifield hearings, I don't believe that at all. I think we were going to do it anyway because that was not the Elmer Staats approach. Elmer Staats wanted broad-based auditing, and, if he wanted to get into a procurement problem, he'd sample a bunch of contracts as opposed to doing a single contract audit.²

So I think that's really what happened then, at least from my perspective. Ironically enough, over the years, we lost all that contract audit expertise, and, when I left the Seattle Regional Office, we were in the process of reeducating some people to regain that expertise.

Dr. Trask

Any other comments on the Holifield hearings?

Mr. Fee

It was a little bit before my time. I was only at GAO a couple of years at the time.

Mr. Krieger

I don't know whether anybody has brought up the following issue—our policy of personal accountability and identification of the individuals involved in that process was an issue. Campbell was a great believer in personal accountability and moved us in the direction of identifying people specifically involved with transactions. That contributed to the intense emotions on the part of DOD [Department of Defense] and its constituency and helped to generate those hearings.

²Elmer Staats pointed out in his oral history interview (GAO/OP-1-OH, Spring 1987) two events which influenced the changes in approach to GAO audits of defense contracts. The enactment of the Truth in Negotiations Act in substance said if there is an arms-length negotiation between government and a contractor, placing all the facts and all the costs on the table, then the contract would not be subject to challenge and a request for reimbursement to the government. Also, the establishment of the Defense Contract Audit Agency (DCAA) raised a question whether GAO should try to duplicate the work of DCAA. Staats noted that GAO's audits continued, but they were done in the context of ensuring that the Truth in Negotiations Act was being enforced and that DCAA was doing its job properly.
Interview With Francis X. Fee, Walter H. Henson, and Hyman L. Krieger
December 14, 1989

Reflections on GAO Career

Dr. Trask

Our time is just about expired, but we'd like to give each of you a minute or so to reflect on your GAO career and talk about your accomplishments, disappointments, unfinished business, or whatever.

Mr. Henson

Well, if I am to talk about disappointments, I guess one has to be the inability to raise the professional level and quality of the staff in New Orleans. I would still be down there trying to do that, but John Thornton saw that the problems were just too great to overcome and he knew exactly what he was doing when he closed the regional office.

On the other hand, what I enjoyed the most and felt the best about was being able to do just that with the Norfolk staff. Al Strazzulo [prior Regional Manager, Norfolk] had already hired good people, and it became a kind of building-block process. He had already started recruiting some very strong people, and I was able to go on from there. I felt—of course, we all felt this about our regions—that Norfolk was the strongest of the regional staffs.

To be candid, if I had it to do over again, and if I knew then what I know now, I don't know if I'd come to work for the government. I'm not talking about GAO, I mean the government.

Over the years, the Congress has just bashed the federal civil servant and the retirement benefits in every way it can—we are forever fighting to keep what we have. For example, right now, we don't know what is going to happen to our health coverage. In all probability, we will end up under Medicare with severely reduced health coverage. There has just been so much of that over the past 12 years that I don't think I could recommend that a young person go to work for the government today. In my view, the government simply has not honored the contract we entered into when I came to work for GAO.

Mr. Krieger

Well, I may have blinders on, but I'm going to walk the other side of the road. I'm ready to sign up for another 40 years.

Frankly, I always looked upon my involvement with GAO as kind of a continuous educational experience. I'm sure I got more than I gave, but I was impressed by the people, the work, the basic mission. I guess I was

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in a group that was indoctrinated early in the process regarding the purpose of the organization and I sort of went along with it. I hope the people today have that sense of—I'll use a bad word—romance or excitement that we had when I was growing up. It is largely a management function to inspire the organization with a sense of discovery and something new.

When I look back on my career, I'm sure there were other things I might have enjoyed as well, but I can't think of any. I would have certainly gone down the same path.

Mr. Fee

I really don’t have any regrets whatsoever about the time that I spent with GAO. I enjoyed my career tremendously. I enjoyed every assignment that I had, whether it was in Washington or in the regions. I just found it to be a great place to work with a great group of people. I enjoyed some challenges more than others, but the less enjoyable ones were just something to deal with.

But in terms of the things I did and the people I met and had the opportunity to work with, both in Washington and in the regions, and to the extent that I helped this organization change over the time that the three of us spent in it, it was really interesting and rewarding.

I understand Dick's comment with respect to a long-term career in government. That's something that perhaps we won’t see too much of as time goes by. I think it is more a function of the times we live in and that several presidents have made adverse comments about the civil service in their political campaigns. That has tremendously hurt the ability of the government to attract and retain highly qualified people; that is unfortunate.

Yet, if I were counseling someone on a career path today, I'd clearly counsel them to spend some part of that career in government.

I think that it is worthwhile and, in fact, I sense in the country at least a willingness on the part of young people to spend some of their career doing it. Whether it is a long-term career for people like it used to be, I don’t know. I think that will change from time to time, and it certainly depends upon the person.

As long as this organization continues to work on the issues that are in the forefront of what is important and what is happening in this country and the world, GAO can take on highly capable and qualified people
and challenge them. There is no doubt in my mind about that. But, in doing so, we have to be mindful of the things we have talked about today—that is the impact of certain actions on people, how you challenge them, how you make them feel they are participating in the organization in which they spend a fair amount of their waking hours.

As long as we can do that, the government—and GAO—can continue to attract people to meaningful and contributory careers. I always find it unfortunate when I either hear about something happening in Washington or listen to people who are perhaps not as familiar with the government structure as I am that the capabilities of people in government are questioned as though they were less than those of people in industry.

Yet, when I mention a person's name or the things that government is able to accomplish and the environment within which it accomplishes it, it pretty much dissipates the argument fairly quickly. But that perception is something that, unfortunately, the leaders of the country have contributed to, and it is going to take us a number of years to get around that.

I think Chuck Bowsher and the program that he started here and the things we've been talking about and have all been working on for 20 years can help in that direction. I do find GAO an exciting place to be associated with.

Dr. Trask

Let me just say, as GAO's Historian, that you have helped to create for us some significant additions to our record. It has been a very interesting learning experience for me.

Mr. Grosshans

We appreciate your coming today. I think we had a good time reminiscing about some of the good old times. I appreciate the comments that Frank just made. I think those are important comments because those of us who have made a career in government have felt that maybe some recent administrations have been a bit unfair.

Mr. Eschwege

I want to thank all of you for coming and putting a further spotlight on GAO's field operations and the regional offices. I think the record of this discussion is very much needed for our Historian to take into consideration when he writes GAO's history. We may call upon some of you again when we talk about other vital activities that you were involved in while at GAO.
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