



138244

February 1989

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National Defense

The Davis-Bacon Act: Applicability to Supply Contract at Defense Depot, Tracy, California

GAO/HRD-89-13, Jan. 24.

In August 1986 the Defense Logistics Agency awarded a \$4.2 million contract for the supply and installation of a mechanized, integrated system for material handling at the Defense Depot in Tracy, California. DLA considered the contract to be a supply-type contract rather than a construction-type contract, and it procured the system using labor standards and wage rate provisions in the Walsh-Healey Act rather than the Davis-Bacon Act. The Walsh-Healey Act requires that employees working on federal contracts involving the manufacture or furnishing of materials, supplies, or equipment be paid, at least, prevailing minimum wages. While, the Davis-Bacon Act requires that employees working on federal construction contracts be paid, at least, prevailing area wage rates. GAO's review of the contract and discussion with DLA and Department of Labor officials revealed nothing to indicate that DLA abused its discretionary power in applying the labor standards and wage rate provisions of the Walsh-Healey Act.

Procurement: DOD Efforts Relating to Nondevelopmental Items

GAO/NSIAD-89-51, Feb. 7.

Nondevelopmental items are defined to include items that are either available in the commercial marketplace or otherwise already developed and in use by a governmental entity in the United States or an allied country. It also includes those types of items that require only minor modification to meet DOD's needs or are currently being produced. Industry officials and representatives have said that various federal and agency regulations and DOD practices impede DOD's procurement of NDI and that DOD's actions have not sufficiently addressed these impediments. GAO concluded that the following seven claimed impediments involved significant issues: (1) insufficient management emphasis on NDI, (2) the need for more NDI training, (3) inappropriate cost or pricing data policies, (4) problems with acquisition regulations that prescribe policies and procedures relating to commercial products, (5) short-sighted policies and practices regarding government rights to technical data, (6) inappropriate and inconsistent use of various contract provisions, and (7) inappropriate use of military specifications. Although DOD has taken some actions to emphasize the procurement of NDI, it needs to

do more to ensure its requirements for supplies are defined and fulfilled through NDI to the maximum practicable extent.

**Procurement:
Responses to Questions
Posed by Beretta on the
M9 Handgun**

GAO/NSIAD-89-59, Jan. 4.

This report addresses nine specific questions provided by Beretta U.S.A. Corporation concerning quality and performance aspects of the M9 9-mm handgun being provided to U.S. forces under contract with the Army. The M9 quality and performance problems relate primarily to frame cracks and slide failures. The contractor has implemented actions that appear to have resolved the frame crack problem.

**Contract Pricing:
Contractors Should
Provide Historical Vendor
Prices to DOD**

Acc. No. 137945 (GAO/NSIAD-89-68), Feb. 15.

Over the past several years, defense contractors, after agreeing to prime contract prices, typically negotiate lower prices with their vendors. Contractors did not always adjust their estimates to reflect vendors' likely price reductions. For example, at Martin Marietta on one contract 33 material purchases were proposed at \$10.5 million based on vendor quotations. The proposed prices were accepted by the contracting officer, but after the prime contract award, the company actually purchased the items for \$692,000 less. Department of Defense procurement regulations do not specifically require contractors to develop, maintain, or disclose historical vendor pricing information. In April 1987 the Deputy Assistant Secretary of Defense (Procurement) issued policy guidance that defined such information as cost or pricing data. The Deputy Assistant Secretary also instructed DOD contracting officers to insist that contractors provide this data. By providing the data the government would be in a better position to determine if proposed prices are fair and reasonable.

**Army Procurement:
Fort Benjamin Harrison's
Commercial Activity Study
Should Be Redone or
Updated**

GAO/NSIAD-89-90, Feb. 24.

Fort Benjamin Harrison, Indiana, initiated its "commercial activity study" in August 1983 to determine whether required services, such as maintenance for buildings, grounds, and utilities could be provided more economically by private contractors. GAO found that the study does not comply, in all respects, with applicable procedures and regulations. Specifically, the study is based on work load data that is not current and, as a result, may not accurately reflect the work to be performed. Unless

the study is redone or updated, the Army will not have adequate assurance that contractor and in-house proposals are representative of the work to be performed.

**Torpedo Procurement:
Issues Related to the
Navy's MK-50 Torpedo
Propulsion System**

GAO/NSIAD-89-8, Jan.27.

The MK-50 is an advanced lightweight torpedo intended to counter Soviet submarine threats through the year 2000. The Navy plans to award low-rate initial production contracts to both Honeywell and Westinghouse Electric Corporation using a leader/follower strategy. This strategy will be accomplished by having Honeywell, the primary developer of the MK-50 torpedo, assist the Navy in providing Westinghouse with the capability of producing the MK-50. Because of the manner in which the Navy has structured the MK-50 torpedo procurement, the most appropriate time for the Navy to determine whether it could save money by separately procuring the MK-50 propulsion system or components of it and providing them to the contractor as government furnished equipment is when it seeks bids for full-rate production in the spring of 1989.

**Physical Security:
Protection Provided Navy
Ammunition at Overseas
Locations**

Acc. No. 137980 (GAO/NSIAD-89-93), Feb. 17.

Department of Defense Instruction 5100.76-M establishes DOD's physical security policy and minimum requirements for storing conventional ammunition and explosives. Because of congressional interest in DOD's inventory control and protection of U.S. assets, GAO reviewed Navy physical security and inventory practices over sensitive Navy conventional ammunition stored at European depots. GAO visited two depots where munitions are owned by and in custody of U.S. naval forces and two North Atlantic Treaty Organization depots where U.S.-owned munitions are in the custody of host nations. Several conditions that did not meet DOD and Navy physical security standards including the following were found: (1) lack of required intrusion alarms or guard force surveillance over sensitive missiles at one Navy and one NATO depot; (2) bunkers, doors, or locks that did not meet U.S. specifications at one Navy depot and two NATO depots; (3) no bunker lighting at one NATO depot and lack of lighting over some bunkers at two Navy depots; (4) fencing deviations at one Navy depot and at two NATO depots; and (5) unattended ammunition in outdoor storage areas within the perimeters of two Navy depots. The Navy is working on improvement initiatives concerning both physical security and inventory control matters.

**OMB Circular A-76:
Contracting Out Public
Works Functions at
Jacksonville Naval Air
Station**

GAO/GGD-89-37, Feb. 10.

Concern was raised whether the implementation of the cost study process leading up to the decision to contract out the public works functions at the Naval Air Station, Jacksonville, Florida, was complete and accurate. The work statement prepared by NASJAX for specifying the work to be done under the contract was incomplete and ambiguous due to poor preparation, inadequate review, and overall ineffective management of the cost study process. As a result, GAO estimates that over the 3-year life of the contract the government could pay from \$5.21 million to \$8.14 million more than anticipated.

**Strategic Bombers:
B-1B Cost and
Performance Remain
Uncertain**

Acc. No. 137867 (GAO/NSIAD-89-55), Feb. 3.

The Air Force has made progress in correcting certain deficiencies in the B-1B bomber, such as flight controls and terrain-following radar. To date, the Air Force has incurred costs of about \$31 billion for 100 B-1B aircraft. Potential enhancements and modifications could cost another \$9 billion. Except for defensive avionics, testing conducted during the past year has continued to progress well, but some critical portions of the flight test program required for flight controls, terrain following, and cruise missiles are not finished.

International Affairs

**State Department:
Security Issues Related to
Selected Employees**

GAO/NSIAD-89-86, Dec. 28.

This report reviewed the use of foreign national employees to conduct background investigations and the use of personnel in the State Department's mail room. Foreign national investigators are hired to assist regional security officers in conducting security investigations overseas. The rationale for using foreign nationals is that they have the requisite language skills and are thoroughly familiar with the local government and culture. In the United States, the agency has had personnel management problems in its mail room relating to granting security clearances, theft or pilfering of pouch mail, and high employee turnover. However, uncleared personnel are separated from classified operations, and recent initiatives should further improve the security of State's mail room operation and minimize any consequence of failed security reviews.

**State Department:
Problems in the Diplomatic
Courier System**

Acc. No. 137869 (GAO/NSIAD-89-39), Feb. 6.

Diplomatic pouches used to carry material are inviolate—they cannot be opened or detained by a receiving country. About 15 percent of U.S. pouch material is classified and must always be accompanied by couriers. The State Department has problems with its courier pouch system that need to be addressed. Specific problems, such as shortcomings in security escort efforts, improper handling of classified materials, breakdowns in delivery trucks, and trucks without communication capabilities exist. The use of nonprofessional couriers—State Department employees with diplomatic passports—is not limited to emergencies and isolated cases as required by State regulations. The Department must take the necessary steps to avoid breaches in the safe and prompt delivery of material, and it needs to tighten its controls, with the objective of reducing the use of nonprofessional couriers.

**Embassy Security:
Background Investigations
of Foreign Employees**

GAO/NSIAD-89-76, Jan. 5.

The Department of State and other foreign affairs agencies hire thousands of foreign nationals to serve in a variety of capacities, such as clerks, secretaries, maintenance workers, drivers, security guards, accountants, and personnel specialists. To reduce vulnerability of U.S. overseas post to espionage and terrorist attacks, State uses a variety of physical and procedural measures, including a program to perform background investigations on foreign nationals working at the posts and periodically updating these investigations. GAO's review of U.S. diplomatic posts in nine countries showed that State had not routinely investigated or reinvestigated the backgrounds of many foreign nationals who have regular access to U.S. facilities and officials overseas, as required. These shortcomings represent not only noncompliance with State regulations but more importantly, a gap in U.S. efforts to reduce the risk of espionage and terrorism overseas.

**International Trade:
Foreign Trade Zones
Program Needs Clarified
Criteria**

GAO/NSIAD-89-85, Feb. 7.

The Foreign Trade Zone Act authorized designation of zones within this country that are considered outside U.S. Customs territory in order to promote U.S. participation in international trade. General purpose zones are multiple user facilities located in ports of entry where primary activities are warehousing and distribution, whereas, subzones accommodate single large manufacturing plants. The FTZ Board is composed of

the Secretaries of Commerce, Treasury, and Army, and it approves proposed zones and shares responsibility for monitoring and controlling them with Customs. The Act and the Board's regulations contain minimal guidance on criteria to be applied in evaluating proposed zones. The Board has informally predicated subzone grants upon proof of a significant public benefit, but has not strictly adhered to this standard. The FTZ Act should be amended to provide guidance on the nature of significant public benefits that would justify a foreign trade zone or subzone grant and any related tariff revenue loss.

**International Trade:
Review of FAS Attache
Service**

GAO/NSIAD-89-73, Feb. 23.

The Department of Agriculture's Foreign Agriculture Service attaches are responsible for representational, marketing, and promotional activities of U.S. agricultural commodities in over 100 countries. Overall, the attaches are performing their responsibilities in a satisfactory manner; however, some improvements are needed in the planning and language proficiency areas. Although the Service's guidance to the posts for preparing their annual work plans states that each objective shall describe the means by which it will be attained and include estimates of the resources that will be needed, GAO found that activities and duties in some of these planning documents were described in general terms and that few of the activities incorporated benchmarks or measures for determining the success of the activities. Also, FAS has not formally set minimum proficiency levels for the principal language of the country to which the attache is assigned. It believes that a speaking/reading proficiency level of 3 (based on a 0 to 5 language proficiency scale, with 5 being the highest) is sufficient to perform the general business activities of attaches but that a higher proficiency level is required to conduct sensitive or technical negotiations. The Service needs to have annual work plans that include specific activities that allow for measuring the achievement of post planning objectives and ensure that attaches assigned overseas are able to effectively communicate with host-country officials in their principal language.

Energy

Oil Reserve: Status of Strategic Petroleum Reserve Activities as of September 30, 1988

GAO/RCED-89-63FS, Jan. 25.

The purpose of the Strategic Petroleum Reserve is to store up to 1 billion barrels of crude oil for use if an oil supply disruption occurs. As of September 30, 1988, the SPR inventory totaled 554.7 million barrels of oil. For all of FY 1988 the Department of Energy disbursed \$338 million for oil acquisition and transportation.

International Energy Agency: Effectiveness of Members' Oil Stocks and Demand Restraint Measures

GAO/NSIAD-89-42, Feb. 6.

The 1974 International Energy Program Agreement, which created the International Energy Agency, provides for an Emergency Oil Sharing System. Signatory countries are to maintain emergency reserves sufficient to sustain their consumption for at least 90 days with no net oil imports and establish measures for restraining oil demand and sharing oil supplies during supply disruptions. IEA has made progress in recent years in improving its information about and evaluations of emergency oil stocks and demand restraint programs. Although most member countries technically comply with IEA's 90-day stock requirement, many lack 90 days of accessible emergency oil stocks.

Fuel Ethanol: Imports From Caribbean Basin Initiative Countries

GAO/NSIAD-89-106, Feb. 21.

The Omnibus Trade and Competitiveness Act of 1988 requires GAO to examine fuel ethanol imports from Central America and the Caribbean and their impact on the U.S. fuel ethanol industry. Ethanol is the alcohol in beverages, such as beer, wine, and whiskey. It can also be used as a fuel by blending with gasoline. It can be made from renewable resources, such as corn, wheat, grapes, and sugarcane, through a process of fermentation. Given current sugar and gasoline prices, it is not economically feasible for Caribbean ethanol producers to meet the current local feedstock requirement.

**Nuclear Waste:
Quarterly Report as of
December 31, 1988**

GAO/RCED-89-87, Feb. 27.

The Nuclear Waste Policy Act required the Department of Energy to implement a federal program for the safe and permanent disposal of high-level nuclear waste in one or more geologic repositories. It also assigned responsibility to the Nuclear Regulatory Commission to license and regulate these repositories. On December 28, 1988, DOE issued its final plan for characterizing (investigating) Yucca Mountain, Nevada. The first major characterization step is to construct an exploratory shaft facility, which will consist of two shafts mined to repository depth and underground testing rooms and will be used to conduct site characterization activities. Before DOE can begin constructing the exploratory shaft facility, it must: (1) develop, implement, and demonstrate to NRC that its quality assurance program for exploratory-shaft-related activities, including the design and construction of the facility, meets regulatory standards; (2) obtain and consider NRC's comments on its site characterization plan; and (3) hold public hearings in the vicinity of the site to inform area residents of the plan and receive their comments.

**Natural Resources and
Environment**

**Environmental Protection:
Bibliography of GAO
Documents January 1985 -
August 1988**

Acc. No. 137988 (GAO/RCED-89-23), Feb. 1989.

This bibliography includes information of GAO documents released between January 1985 and August 1988 that directly or indirectly relate to environmental protection.

**Financial Audit:
Environmental and Energy
Study Conference
Financial Statements for
1987 and 1986**

Acc. No. 137970 (GAO/AFMD-89-2), Feb. 3.

The Environmental and Energy Study Conference is a legislative service organization sponsored by a group of congressional Members who pool their resources to pursue a common legislative goal. It operates as an extension of the participating Members' individual offices and coordinates their efforts for reasons of efficiency and effectiveness. Its purpose is to provide its congressional sponsors with information

concerning environmental and energy issues affecting federal legislation. The fund balance for 1987 was \$45,938, and for 1986 it was \$55,226.

**Financial Audit:
Examination of EPA's
Financial Statements for
Fiscal Year 1987**

Acc. No. 137921 (GAO/AFMD-89-24), Feb. 10.

GAO's opinion on the Environmental Protection Agency's consolidated financial statements for the fiscal year ended September 30, 1987, was qualified. It was qualified due to concerns about the fair presentation of EPA's land, building, and equipment. Also, there was a limitation on the scope of the examination because of an inability to audit opening account balances as of October 1, 1986. As of September 30, 1987, EPA's total liabilities and equity was \$10,543,657,000.

**Surface Mining:
Interior's Response to
Abandoned Mine
Emergencies**

GAO/RCED-89-74, Jan. 31.

The Department of the Interior's Office of Surface Mining Reclamation and Enforcement was requested to provide a report describing its handling of requests for emergency reclamation of abandoned mine land sites. GAO was asked to review the report and found it to be incomplete and inaccurate. It did not contain all emergency complaints received by OSMRE during 1983 through 1987 and double counted others. Although OSMRE has not established criteria to judge the timeliness of its response to complaints, OSMRE inspectors visit mine sites within 48 hours after receipt of a complaint about 64 percent of the time. However, it took much longer for OSMRE to complete its investigation and decide whether an emergency existed and, if so, to award a construction contract. Currently, sufficient information is not available to effectively monitor the emergency program activities. Adequate documentation should be available to track the complaint through the review process and to verify that the criteria for emergency status approval have been met.

**Endangered Species:
Spotted Owl Petition
Evaluation Beset by
Problems**

Acc. No. 137989 (GAO/RCED-89-79), Feb. 21.

In January 1987, the U.S. Fish and Wildlife Service accepted a petition from an environmental organization to list the spotted owl as an endangered species under the Endangered Species Act and in December 1987,

concluded that the owl was not endangered and denied the listing petition. GAO found several factors that raise questions about FWS' thoroughness and objectivity in considering the petition. Some of the problems identified include the following: (1) the time allotted for the spotted owl study team to conduct its analysis was not adequate to thoroughly investigate the owl's status, (2) FWS management substantively changed the body of scientific evidence presented in the study team's status report after it had been reviewed and adjusted by outside experts, and (3) factors in addition to the owl's biological condition were considered in deciding to deny the listing petition.

**Forest Service:
Information on the Forest
Service Appeals System**

GAO/RCED-89-16BR, Feb. 16.

The Forest Service makes many different kinds of decisions, such as whether or under what terms and conditions it will permit various kinds of recreational activities, mineral and gas exploration, or livestock grazing on its lands. The public may appeal decisions made by a Forest Service officer to that officer's immediate supervisor. Nationwide, the number of appeals filed annually more than doubled between FY 1983 and FY 1988, from 584 to 1,298. The average processing time for appeals increased from 201 days in FY 1986 to 363 days by March 31, 1988. Increases in appeals processing times and in the backlog of unresolved appeals do not appear to be due to problems with the appeals system itself. Rather, they most often occurred because the Forest Service has experienced difficulties in resolving complex environmental issues in the increasing number of timber sale and forest plan appeals. Changes in appeals regulations proposed by the Forest Service may reduce the number and average processing times of appeals, but the extent cannot be determined until the regulations have been finalized and implemented.

**Inland Oil Spills:
Stronger Regulation and
Enforcement Needed to
Avoid Future Incidents**

GAO/RCED-89-65, Feb. 22.

The Clean Water Act prohibits the discharge of oil into navigable waters and requires the Environmental Protection Agency to regulate the oil industry to prevent oil spills and conduct research on the cleanup of spills. EPA's Oil Pollution Prevention regulations recommend that tanks be constructed of appropriate materials and be tested periodically for integrity, and that tank operators take precautions to contain spilled oil. Although the regulations recommend safety practices, they do not require that (1) tanks be constructed and tested to meet industry or

other specified standards, (2) oil storage facilities plan how to react to an oil spill that overflows facility boundaries, and (3) tank storm water drainage systems be controlled to prevent oil from escaping through them. EPA has not established management controls for its inspection program to ensure that the right facilities are inspected, inspections are well performed, and violations are deterred by appropriate sanctions. EPA needs to strengthen its Oil Pollution Prevention regulations and implement policies for conducting and reporting inspections and fining violators.

Agriculture

Farm Payments: Evaluation of Changes in County Loan Rates

GAO/RCED-89-47BR, Feb. 15.

Under the U.S. Department of Agriculture's commodity loan program, producers can obtain loans using their commodities as collateral. The loans are important because, among other things, they provide a minimum guaranteed crop price for the producer. In 1987 USDA changed its method for computing county commodity loan rates for the first time since 1972. The loan rate is determined by USDA's Agriculture Stabilization and Conservation Service. It revised its procedures for calculating loan rates to (1) update commodity price relationships among counties and (2) make the price relationships used in the loan program consistent with those used for its commodity certificates. USDA's rationale for changing the loan rate calculation method was reasonable—particularly in view of changes in county commodity prices that have occurred since 1972.

Rural Development: Federal Programs That Focus on Rural America and Its Economic Development

GAO/RCED-89-56BR, Jan. 19.

GAO was asked to review all federal programs to determine those that are essentially rural. Rural was defined as counties with urban populations of less than 20,000 and rural development-type programs as those that pursue economic development purposes and/or that have an apparent rural focus. GAO found about two-thirds of all U.S. counties, 2,097 out of 3,096, met the definition. For the programs for which data were reported, about 17 percent of the federal domestic funding went directly

to rural counties. The percentages of funding varied widely, for example, the U.S. Department of Agriculture had the highest average of program funds going directly to rural counties—50 percent, while the Department of Energy had the lowest—less than 2 percent.

**Farmers Home
Administration:
Sounder Loans Would
Require Revised Loan-
Making Criteria**

GAO/RCED-89-9, Feb. 14.

The Farmers Home Administration is the lender of last resort to financially troubled farmers who cannot get credit elsewhere. Its outstanding farm loan portfolio increased from \$5.1 billion in 1976 to \$26.2 billion in 1987. The increase in FmHA's portfolio and subsequent defaults are due to some extent to factors and conditions, such as an increase value of the dollar and export boycotts which decreased exports. In making loan decisions, FmHA uses a cash flow criterion that requires borrowers' expected incomes to cover projected expenses, including loan repayment. However, FmHA's analysis of cash flow tends to be overly optimistic in that it does not allow for unexpected expenses or equipment replacement, thus often overstating borrowers' repayment ability. When borrowers cannot make their payments, FmHA can reduce interest rates, increase the repayment period, or take other loan-servicing actions. These actions help temporarily but frequently result in heavier debts and reduced borrower equity, which in the long run weaken the borrower's financial condition. This, in turn, exposes the government to significant potential losses. Under poor agricultural market conditions, this situation will likely persist with FmHA's current policies. FmHA proposed revised criteria to improve its loan-making decisions in January 1987. Because of congressional concern that many borrowers would be ineligible for further financial assistance, FmHA withdrew the proposal. A more comprehensive loan-making criteria that assist borrowers who can benefit from such credit and would also provide greater assurance of repayment needs to be developed.

Commerce and Housing Credit

CPA Audit Quality: Failures of CPA Audits to Identify and Report Significant Savings and Loan Problems

Acc. No. 137866 (GAO/AFMD-89-45), Feb. 2.

GAO reviewed the quality of audits of savings and loan associations in the Dallas Federal Home Loan Bank District. The review generally focused on the most recent audits performed by independent certified public accountants of 11 out of a total of 29 savings and loans that failed in the Dallas district during the period January 1, 1985, to September 30, 1987. For 6 of the 11 S&Ls, CPAs did not adequately audit and/or report the S&Ls financial or internal control problems in accordance with professional standards. The CPAs' problems involved (1) inadequate audit work in evaluating loan collectibility and (2) inadequate reporting on S&Ls' accounting practices, regulatory compliance, and internal controls. The nature of the audit and reporting problems was significant enough to warrant GAO to refer the CPA firms performing the audits to regulatory and professional bodies for their review.

Electronic Funds Transfer: Information of Three Critical Banking Systems

GAO/IMTEC-89-25BR, Feb. 1.

The following three banking systems: the Federal Reserve Communications System, the Clearing House Interbank Payments System, and the Society for Worldwide Interbank Financial Telecommunication are discussed in this briefing report. It provides a description and the purpose of these systems, along with identifying federal agencies providing oversight, and the generic risks associated with these types of systems.

Electronic Funds Transfer: Analysis of Proposal for Direct Deposit of Income Tax Refunds

GAO/IMTEC-89-34, Feb. 24.

GAO and the Internal Revenue Service commented on a proposal submitted by a constituent concerning the direct deposit of tax refunds into taxpayers bank accounts. There was general agreement among IRS officials that electronic funds transfer with direct deposit is technically feasible for paper returns at the current time. However, the potential exists for errors, such as (1) mistakes by the taxpayer when copying the bank account number, bank routing and transit number; (2) errors by IRS personnel when keying in the account number in the computer; and

(3) erroneous bank routing and transit or bank account numbers causing a direct deposit refund to be deposited into the wrong bank account. The efforts currently underway in IRS' Research Division to study this problem and develop a practical alternative could help ensure that the data are recorded accurately and the cost to the government is kept to a minimum.

**Troubled Financial
Institutions:
Solutions to the Thrift
Industry Problem**

Acc. No. 137987 (GAO/GGD-89-47), Feb. 21.

The federal deposit insurance systems for banks and thrift institutions has experienced heavy costs in recent years, and the fund that insures thrift institutions, the Federal Savings and Loan Insurance Corporation has become insolvent. GAO was asked by the House Banking Committee to look into the possibility of merging FSLIC with the Federal Deposit Insurance Corporation, the fund that insures deposits in commercial banks and some savings banks, as one option for preserving the soundness of the deposit insurance system. GAO estimates that if action is taken quickly to deal with insolvent institutions and if interest rates remain at their current levels, FSLIC will need at least \$85 billion more than the funding it anticipates receiving over the next 10 years. FSLIC should be reorganized under independent management so that it consists of two parts: a "good company" fund for thrifts that are healthy or can become so in a reasonable period of time; and a "bad company" fund for those institutions that need to be rehabilitated, merged, or liquidated. Certain drawbacks make it inadvisable to merge FSLIC and FDIC insurance funds at this time. Before considering a full merger of the deposit insurance system, Congress first should implement changes to establish comparable regulatory ground rules for the two industries and ensure that both funds are financially sound.

**Banking:
Conflict of Interest Abuses
in Commercial Banking
Institutions**

GAO/GGD-89-35, Jan. 27.

Although the opportunity to abuse conflicts of interest exist in banking, the consensus view among those bankers, regulators, and legal and academic experts GAO interviewed was that institutional conflict situations are currently well-controlled. While instances of abuse may occur, institutional abuses are not a widespread problem. An abuse of a conflict of interest occurs when a bank or its representative takes advantage of a conflict in violation of customary banking practices, fiduciary responsibilities, or banking laws and regulations. Conflicts of interest may

increase as banking institutions gain expanded securities powers. However, bankers, regulators, and experts generally agreed that the combination of competition, internal controls, and regulatory oversight, with adjustments, such as increased security training and additional regulatory agency staffing, would be adequate to limit abuses.

**Borrower Loan
Prepayments:
OMB Guidelines Need to
Be Strengthened**

GAO/AFMD-89-19, Jan. 11.

In January 1986, the administration proposed a pilot sale of federal loan assets to private investors as part of the President's FY 1987 budget request. The goals of the proposed pilot sale were to initiate federal credit management reforms and generate budgetary receipts to help reduce the federal budget. Under the FY 1987 pilot loan sale program, the administration offered borrowers the opportunity to prepay their loans if the prepaid amount was estimated to be greater than the estimated net proceeds from selling the loan to private investors. GAO's review determined that the loan prepayment programs had statutory authority to accept prepayments at less than unpaid principal balances. In some cases, prepayment program costs exceeded their financial benefits. Loan prepayments were not as effective as loan asset sales in achieving the government's nonfinancial credit reform goals, such as improving loan documentation. The Office of Management and Budget needs more detailed guidelines in the area and a requirement that cost-benefit analyses be performed to determine when prepayments or asset sales should be used.

**Postal Service:
Community Involvement
in Post Office Relocation
Decisions**

Acc. No. 137975 (GAO/GGD-89-11), Feb. 17.

U.S. Postal Service policy requires specific coordination within the community involved in a forthcoming facility relocation to minimize concerns and prevent potential delays in acquiring new postal facilities. Required contacts with state and local organizations within the community were usually made. Of the 30 projects GAO reviewed from the Eastern, Southern, and Western Regions, USPS accomplished 123 of 138 required local and state notifications.

**Procurement:
Public Utilities'
Compliance With
Subcontracting Plan
Requirements**

GAO/GGD-89-32, Jan. 26.

A number of public utilities providing services to the federal government have declined to enter into formal written contracts because they object in whole or in part to the statutory requirements for subcontracting plans for the maximum practicable use of small and disadvantaged businesses. Specifically, GAO looked at the efforts of the General Services Administration, the Department of Energy, and the Department of Defense in ensuring that contracts meet the subcontracting plan requirements. All of GSA's current formal written contracts are in compliance with subcontracting plan requirements. At DOE there are several instances where contracts for utility services did not contain subcontracting plans as required because the utility companies involved objected to the requirement. Few if any of DOD's utilities contracts contained subcontracting plans.

Transportation

**Truck Safety:
Implementation of the
Single Driver's License and
Notification Requirements**

Acc. No. 137916 (GAO/RCED-89-30), Feb. 13.

The Commercial Motor Vehicle Safety Act of 1986 contains provisions that state commercial drivers can hold only one license, and drivers must notify their employers and licensing states of all traffic convictions. The Department of Transportation's Federal Highway Administration is responsible for enforcing the single license and notification requirements. FHWA can assess penalties for each offense drivers commit in violation of these requirements. FHWA, the states, and the commercial motor vehicle industry undertook extensive steps to inform drivers and employers of the single license requirement. As of September 1988, partly as a result of this campaign, commercial drivers had voluntarily surrendered over 42,000 multiple licenses. When FHWA identifies and notifies such drivers that they are not in compliance, the agency accepts drivers' statements, without accompanying evidence of license surrender, as proof of their compliance with the single license requirement. FHWA has no guidance and procedures to detect drivers failing to report their out-of-state traffic convictions. As a result, the agency is not enforcing the act's notification requirement.

**Highway Contracts:
Federal-Aid Highway
Contracts Awarded to
Minority- And Women-
Owned Businesses**

Acc. No. 137956 (GAO/RCED-89-78), Feb. 13.

The Surface Transportation and Uniform Relocation Assistance Act of 1987 initiated a change in the Disadvantaged Business Enterprise Program. Starting with the 1987 act, states are now required to spend at least 10 percent of their fiscal year federal-aid highway fund with all DBEs, including women-owned businesses. Although several years of program activity must be experienced before a proper assessment can be made, data were available for less than 1 year after the Federal Highway Administration adopted a single goal for its DBE program. Data from the DBE program showed the following: (1) women-owned businesses have increased their share of DBE contract awards each year from FY 1985 to FY 1988; (2) prime contracts and subcontracts awarded to minority- and women-owned businesses have remained slightly over \$1.5 billion a year from FY 1985 to FY 1988; and (3) businesses owned by Black Americans, Hispanic Americans, Native Americans, and other minority groups experienced declines in their respective shares of DBE contracts awarded from FY 1987 to June 30, 1988.

Social Services

**Interstate Child Support:
Case Data Limitations,
Enforcement Problems,
Views on Improvements
Needed**

GAO/HRD-89-25, Jan. 27.

Office of Child Support Enforcement and state caseload and collection data are of questionable reliability and provide limited information about interstate child support. OCSE data cannot be used to determine the relative size of states' interstate versus total caseloads because OCSE collects different types of information on interstate and total cases. Some of the barriers states indicated that effect collections are insufficient staff, lack of automation, differing policies and procedures among states, and lack of communication/cooperation between states. Some ongoing improvements at the state level include: (1) strengthening state legislation, policies, and procedures; (2) increasing attention and priority to interstate cases; (3) improving absent parent location services; and (4) increasing staffing/training. Some suggested actions at the federal level should include: standardizing laws, procedures, and forms that bear on interstate cases; establishing child support office performance standards for handling interstate cases; and establishing an interstate computer network with uniform processing requirements for each state.

**Child Support:
State Progress in
Developing Automated
Enforcement Systems**

GAO/HRD-89-10FS, Feb. 10.

The Office of Child Support Enforcement administers the program to strengthen state and local efforts to find absent parents, establish paternity, obtain child support orders, and collect support payments. The Congress recognized that the use of automation could result in more efficient, cost-effective child support enforcement, and it authorized enhanced federal funding for planning, developing, and installing comprehensive, statewide automated systems. GAO interviewed officials in all 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands to find out states' progress in the development of automated systems for these programs. Of the 54 state systems, as of May 1988, OCSE had certified 2 as fully operating. The rest of the states's systems were as follows: 14 were mostly operating, 15 were in the developing or installing phase, and 21 were in the preplanning or planning phase. The other 2 states had no plans to establish comprehensive systems.

**Rental Housing:
Housing Vouchers Cost
More Than Certificates but
Offer Added Benefits**

GAO/RCED-89-20, Feb. 16.

The Department of Housing and Urban Development is currently operating two similar rental assistance subsidy programs—certificates and vouchers—whose identical goals are to provide low-income families with decent, safe, and affordable rental housing. The administration has proposed that the certificate program be replaced with the voucher program, claiming that vouchers are less costly and are more efficient. However, the latest data available indicate that voucher costs are likely to be higher than certificate costs. Using data from HUD's first-year report on the housing voucher program, GAO calculated that with HUD's 1989 budget request, about 9,500 fewer families can be assisted with vouchers than with certificates. GAO believes that operating one rental assistance program is advantageous; it would provide consistent benefits to program recipients and a unified approach to delivering housing assistance. The merits and drawbacks of features presently distinguishing vouchers from certificates need to be evaluated.

Health

Employee Benefits: Company Actions to Limit Retiree Health Costs

Acc. No. 137833 (GAO/HRD-89-31BR), Feb. 1.

Company group health plans, generally financed at least in part by the companies, play a major role in giving retirees and their dependents access to life-saving services. However, significant and increasing costs, and the potential adverse effects on business operations from disclosing unfunded benefits, could prompt companies to take action to change their health plan provisions. GAO looked at the retiree health plans of 29 medium and large companies in the Chicago area and found the following. All 29 companies have the right to modify or terminate health benefits for active workers and retirees due to specific language in the plans. During the 4-year period 1984 to 1988, all the companies changed their plans by adding cost-containment measures to help ensure that the health services provided are medically necessary and qualify for coverage or raising the amount plan participants pay for health coverage and medical services received.

AIDS Research: NIH Review Process and Outcome of Applications for Grants and Contracts

Acc. No. 137836 (GAO/HRD-89-17), Feb. 3.

Expenditures for Acquired Immune Deficiency Syndrome research by the National Institutes of Health, the principal biomedical research arm of the Department of Health and Human Services, have grown from \$3.4 million in FY 1982 to \$260.9 million in FY 1987 to an estimated \$467.8 million in FY 1988. While all NIH institutes support research on AIDS through internal studies or studies funded by grants and contracts, three have accounted for almost 90 percent of NIH AIDS funding. These are the National Cancer Institute, the National Heart, Lung, and Blood Institute, and the National Institute of Allergy and Infectious Diseases. To determine which grant applicants are worthy of funding, NIH uses a "dual review system." All applications are reviewed for scientific merit—first by scientists who are engaged in research but not associated with the proposal and second by each institute's statutorily mandated national advisory council or board comprised of scientific, medical, and public representatives. The NIH process for reviewing and awarding extramural grants and contracts appears adequate to encourage participation by all responsible segments of the research community and to help ensure that high priority needs of the institutes are addressed.

**AIDS Education:
Issues Affecting
Counseling and Testing
Programs**

GAO/HRD-89-39, Feb. 3.

Concern was raised about federal and state education programs to prevent the spread of the human immunodeficiency virus, which causes acquired immunodeficiency syndrome. GAO is reviewing the operations and effectiveness of the Centers for Disease Control HIV counseling and testing programs. Specifically, GAO looked at oversight, monitoring, and evaluation of grantee performance; outreach to intravenous drug users; follow-up and long-term counseling; partner notification; and protection from discrimination for individuals with HIV infection or AIDS. Staff shortages in the Center for Prevention Services and lack of sufficient program data have hampered efforts to provide technical assistance and evaluate the performance of counseling and testing grantees. Outreach to intravenous drug users has been slow due to lack of resources and staff reluctance to become involved with HIV-infected persons. Follow-up for clients not returning for test results and long-term counseling place time-consuming demand on staff resources. For years, CDC has used a form of partner notification call contact tracing to control the spread of sexually transmitted diseases. However, state health departments vary in the way they implement CDC's partner notification recommendation—some suggest that clients consider informing partners, while others routinely offer the assistance of health department personnel. There are no HIV-specific federal antidiscrimination protections for individuals seeking HIV counseling and testing; however, GAO, the Office of Personnel Management, and some private sector employers have adopted policies that explicitly allow HIV-infected employees to continue working.

**Long-Term Care for the
Elderly:
Issues of Need, Access, and
Costs**

GAO/HRD-89-4, Nov. 28.

In 1985 an estimated 6.2 to 6.5 million elderly depended on others for help with activities of daily living or instrumental activities of daily living. About 20 percent of these dependent elderly lived in nursing homes; the majority lived in the community. Nearly all of the elderly in the community received all or some of their care from informal caregivers—family and friends. Despite help from family and friends, about 40 percent of the elderly with one or more ADL dependencies still had unmet needs for help. Individuals with mental/behavioral problems or multiple ADL dependencies or both that require extra nursing care and for whom payments will be made by Medicaid are likely to wait the longest for help. The majority of public and private expenditures are for nursing home care; in FY 1985, almost \$36 billion of the estimated \$45 billion

spend nationally for long-term care was for nursing home care; \$9 billion was spent on home health care for the dependent in the community. Out-of-pocket payments by individuals and their families were an estimated \$20 billion in 1985 and are expected to continue to rise. Any future strategy for handling the growing long-term care needs of the elderly population will need to balance the potentially conflicting goals of access and cost containment

Income Security

Private Pensions: Portability and Preservation of Vested Pension Benefits

Acc. No. 137856 (GAO/HRD-89-15BR), Feb. 3.

This briefing report answers questions about pension portability and preservation. Portability refers to the ability to transfer years of service credits or pension benefits from one employer to another. Preservation refers to encouraging workers to save cashed-out pension benefits for retirement income.

Administration of Justice

Indian Affairs: Information of Major Crimes on Three Montana Reservations

GAO/RCED-89-69, Feb. 15.

This report provides information on (1) the law enforcement policies and practices followed by the Bureau of Indian Affairs, the Federal Bureau of Investigation, and the U.S. Attorney's office in the investigation of major crimes on the Blackfeet, Fort Peck, and Northern Cheyenne Indian reservations; (2) the number of major crimes reported, investigated, referred for prosecution; and (3) the training requirements for BIA law enforcement employees.

General Government

Federal Retirement: Use of Contractors to Implement the Federal Employees Retirement System

Acc. No. 137834 (GAO/GGD-89-29), Feb. 1.

The use of contractors and other agencies by the Office of Personnel Management, the Social Security Administration, and the Federal Retirement Thrift Investment Board to implement the Federal Employees Retirement System was appropriate. OPM paid about \$3.8 million primarily to develop and print information to help federal employees better understand and compare the features of FERS and the Civil Service Retirement System. SSA contracted through the Government Printing Office for an automated system using machine-readable forms to respond to federal employees' requests for Social Security earnings and coverage information at a total cost of \$621,506. The Thrift Board paid about \$14.6 million primarily to develop and operate an automated recordkeeping system and to prepare, print, and distribute materials and forms.

Federal Workforce: Positions Eligible for Law Enforcement Officer Retirement Benefits

GAO/GGD-89-24, Feb. 2.

Concern was raised that agencies may be inappropriately classifying jobs as law enforcement positions to help employee recruitment and retention since federal employees in the law enforcement officer retirement program receive more generous benefits that are more costly to provide than the retirement program for other employees. Various laws enacted since 1947 allow them to retire earlier and to receive higher annuities for the same length of service to maintain a young and vigorous law enforcement workforce. The most recent data available showed that as of June 30, 1987, 44,646 employees were covered by the law enforcement special retirement benefits. From January 1985 through June 1987, the Department of Justice's law enforcement workforce increased by 5,580, and the Department of the Treasury's U.S. Customs Service law enforcement workforce increased by 817. The vast majority of the newly hired employees were placed in previously approved positions; thus, the new positions generally did not appear to contribute to the workforce increase or to have been created to aid in recruitment and retention.

**Federal ADP Personnel:
Recruitment and Retention**

GAO/IMTEC-89-12BR, Feb. 7.

Generally, federal managers believe that problems related to noncompetitive pay, personnel classification standards, limited training opportunities, and the negative image of federal service affect their ability to hire and retain qualified automated data processing personnel. Specifically, (1) the government's salary for an entry-level computer programmer is as much as 33 percent less than private sector pay for similar work, (2) the computer specialist classification does not effectively provide for managerial positions without supervisory responsibilities, (3) budget constraints limit training opportunities, and (4) the image of federal service must be improved. Recruiting and retaining a high-quality ADP work force at all levels is critical if federal managers are to build and operate effective automated information systems in a changing environment and these problems must be addressed.

**Social Security:
Views of Agency Personnel
on Service Quality and
Staff Reductions**

GAO/HRD-89-37BR, Feb. 10.

GAO was asked to obtain the views of Social Security Administration personnel on the quality of the agency's service to the public and the impact of staff reductions. Questionnaires were mailed to a sample of 467 managers and 643 employees in SSA's district and branch offices and hearing offices in June 1988. Both employees and managers said that quality of service to the public has gone down and that morale at units had gone down due to reductions in staff.

**Tax Administration:
Accessibility, Timeliness,
and Accuracy of IRS'
Telephone Assistance
Program**

Acc. No. 137851 (GAO/GGD-89-30), Feb. 3.

During the 1988 filing season, GAO attempted 1,908 calls to 29 Internal Revenue Service toll-free sites, completing 1,776 calls and receiving 1,733 answers to its test questions. Overall, GAO was more successful in accessing IRS' toll-free telephone system than in 1987. GAO's ability to reach IRS within five call attempts improved from 88 percent last year to 93 percent this year. Also, IRS assistors correctly responded to GAO's questions 64 percent of the time and incorrectly responded 36 percent of the time.

**Tax Administration:
How Precise Are IRS
Estimates of Taxpayers
Calling for Assistance?**

Acc. No. 137986 (GAO/GGD-89-31), Feb. 21.

Due to congressional and administration concerns over the amount of resources devoted to and the level of service provided by the Internal Revenue Service in meeting the demand for taxpayer assistance, GAO (1) reviewed IRS' approach for estimating demand for telephone assistance and for determining the level of telephone service provided to taxpayers and (2) compared IRS's demand estimating approach and performance measurement with that of other organizations that operate toll-free telephone services. IRS defines its telephone demand and the "estimated" number of persons calling for assistance and its level of service as the number of calls answered relative to the estimated number of callers. When estimating callers, IRS assumes that a portion of unanswered calls are redial attempts and that the redial attempts are related to the level of congestion of its telephone system. Neither IRS nor GAO knows, however, the extent to which system congestion affects the redial rate or how often callers redial after receiving a busy signal. Due to these and other uncertainties inherent in estimating callers, GAO cannot attest to or refute the accuracy of IRS' demand estimates.

**Tax Administration:
Periodic Evaluation
Needed If IRS Uses Levies
to Collect Deferred
Accounts**

Acc. No. 137941 (GAO/GGD-89-34), Feb. 14.

During the past several years, the Internal Revenue Service considered, and in 1988 developed, a plan for taking a more active collection approach to resolve deferred individual taxpayer accounts. Rather than continuing to rely on periodic reminder notices, IRS decided to annually levy taxpayer assets. A levy is the seizure of a taxpayer's assets to satisfy a tax delinquency. Although IRS' past studies and GAO analysis suggested that using levies to collect deferred accounts had merit, there was insufficient information available to adequately evaluate the cost-effectiveness of such a program or whether it would adversely affect other program operations.

**Tax Policy:
Economic, Administrative,
and Taxpayer Compliance
Aspects of a Gross Income
Tax**

Acc. No. 137951 (GAO/GGD-89-36), Feb. 17.

GAO reviewed a specific alternative tax system based on gross income proposed by the Government Research and Development Foundation. A gross income tax would tax the total receipts of a firm with few or no deductions for the costs of doing business and the total income of an

individual with no deductions of any kind, such as the standard or itemized deductions. GAO concurs with Department of the Treasury and Congressional Research Service reports that such a tax had three major economic limitations. They are that the tax would (1) arbitrarily tax some firms at higher rates than others, (2) be a disincentive to investment because it would increase the effective marginal tax rates on capital, and (3) shift the distribution of the tax burden toward low-income people because it is a proportional tax. A gross income tax would not be preferable to the current tax system even if complying with and administering it were shown to be less costly because of its potential for greater economic distortion.

**Labor-Management
Relations:
Efforts to Resolve Disputes
at Fort Leavenworth,
Kansas**

GAO/GGD-89-33BR, Jan. 4.

The Federal Labor Relations Authority is an independent and neutral third party responsible for resolving the government's labor-management disputes. FLRA received 102 charges of unfair labor practices from the union at Fort Leavenworth, Kansas, during the 12 months ended June 30, 1988. As of July 31, 1988, FLRA had completed action on 74 of the charges. FLRA met its statutory responsibilities, and it did not experience significant problems in investigating charges of unfair labor practices made at the post.

**Computer Security:
Compliance With Training
Requirements of the
Computer Security Act of
1987**

Acc. No. 137992 (GAO/IMTEC-89-16BR), Feb. 22.

Section 5(a) of the Computer Security Act requires periodic training in computer security awareness and accepted computer security practice for all employees who are involved with the management, use, or operation of each federal computer system containing sensitive information within or under the supervision of that agency. Questionnaires were sent to 85 federal agencies to ascertain whether they complied with the act, which required them to start a training program by September 11, 1988. Responses from 81 of the agencies showed that: 45 reported having started the required training program; 19 reported not having started training programs, but stated they would start from November 1988 through April 1989; 2 had not started the required training program; and 15 stating they have no computer systems with sensitive information.

**Procurement:
Department of State
Should Be Competing
Many Sole-Source
Contracts**

GAO/NSIAD-89-6, Jan. 24.

Federal law and regulations require that procurements be made on the basis of full and open competition, except when specified exceptions are met. The State Department's procurement office awarded many sole-source contracts that should have been competed. Controls designed to promote competition and limit the unjustified award of sole-source contracts often were not followed. State has reported incomplete, inaccurate, and unreliable procurement data to the Federal Procurement Data Center, undermining the usefulness of the data to Congress and other for oversight, management control, and policy-making. State's procurement office has recently planned or taken several actions to ensure adherence to controls and adequate competition, such as (1) competing or planning to compete requirements for many contracts GAO reviewed, (2) increasing procurement office staff and emphasizing staff training, and (3) issuing procedures requiring review of proposed contract actions by officials other than the contracting officer.

**Congressional
Testimony by GAO
Officials**

Resolving the Savings and Loan Crisis, by Charles A. Bowsheer, Comptroller General of the United States, before the Senate Committee on Banking, Housing and Urban Affairs, Feb. 2. GAO/T-GGD-89-4. Acc. No. 137835.

GAO's Cost Estimate of the Family and Medical Leave Act Proposal, by William J. Gainer, Human Resources Division, before the Subcommittee on Children, Families, Drugs, and Alcoholism, Senate Committee on Labor and Human Resources, Feb. 2. GAO/T-HRD-89-3. Acc. No. 137837.

The Environmental Protection Agency's Use of Consultants, by Bernard L. Ungar, General Government Division, before the Subcommittee on Federal Services, Post Office, and Civil Service, Senate Committee on Governmental Affairs, Feb. 3. GAO/T-GGD-89-5. Acc. No. 137838.

GAO's Cost Estimate of the Family and Medical Leave Act of 1989 (H.R. 770), by William J. Gainer, Human Resources Division, before the Subcommittee on Labor-Management Relations, House Committee on Education and Labor, Feb. 7. GAO/T-HRD-89-4. Acc. No. 137870.

Dealing With Enormous Problems in the Nuclear Weapons Complex, by Charles A. Bowsheer, Comptroller General of the United States, before the House Committee on the Budget, Feb. 8. GAO/T-RCED-89-6. Acc. No. 137884.

Pension Plan Participation In Leveraged Buyout Funds, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Labor-Management Relations, House Committee on Education and Labor, Feb. 9. GAO/T-HRD-89-5. Acc. No. 137908.

The Need to Improve Auditing in the Savings and Loan Industry, by Frederick D. Wolf, Accounting and Financial Management Division, before the House Committee on Banking, Finance and Urban Affairs, Feb. 21. GAO/T-AFMD-89-2.

GAO's Views on Modernizing and Cleaning Up DOE's Nuclear Weapons Complex, by J. Dexter Peach, Resources, Community, and Economic Development Division, before the Subcommittee on Procurement and Military Nuclear Systems, House Committee on Armed Services, Feb. 21. GAO/T-RCED-89-9.

Resolving the Savings and Loan Crisis, by Charles A. Bowsher, Comptroller General of the United States, before the House Committee on Ways and Means, Feb. 22. GAO/T-GGD-89-7.

Managing IRS: Actions Needed to Assure Quality Service in the Future, by Gene L. Dodaro, General Government Division, before the Subcommittee on Private Retirement Plans and Oversight of the Internal Revenue Service, Senate Committee on Finance, Feb. 22. GAO/T-GGD-89-6.

Management and Censorship Issues of Stars and Stripes, by Martin M. Ferber, National Security and International Affairs Division, before the Subcommittee on Readiness, House Committee on Armed Services, Feb. 22. GAO/T-NSIAD-89-4.

Modernizing and Cleaning Up DOE's Nuclear Weapons Complex, by Keith O. Fultz, Resources, Community, and Economic Development Division, before the Subcommittee on Energy and Power, House Committee on Energy and Commerce, Feb. 22. GAO/T-RCED-89-10.

U.S. Military Aircraft Coproduction With Japan, by Joseph E. Kelley, National Security and International Affairs Division, before the Subcommittee on Commerce, Consumer Protection and Competitiveness, House Committee on Energy and Commerce, Feb. 23. GAO/T-NSIAD-89-6. Acc. No. 138000.

Role of the Reserves in the Total Force Policy, by Richard A. Davis, National Security and International Affairs Division, before the Subcommittee on Readiness, House Committee on Armed Services, Feb. 23. GAO/T-NSIAD-89-7. Acc. No. 137993.

Sound Contract Management Needed at the Environmental Protection Agency, by Richard L. Hembra, Resources, Community, and Economic Development Division, before the Subcommittee on Civil Service, House Committee on Post Office and Civil Service, Feb. 23. GAO/T-RCED-89-8. Acc. No. 138006.

Enormous Modernization and Cleanup Problems in the Nuclear Weapons Complex, by Charles A. Bowsher, Comptroller General of the United States, before the Subcommittee on Transportation and Hazardous Materials, House Committee on Energy and Commerce, Feb. 23. GAO/T-RCED-89-11. Acc. No. 138007.

Commodity Futures Trading Commission and the Chicago Futures Exchanges' Detection of Trade Practice Abuses, by Richard L. Fogel, General Government Division, before the Senate Committee on Agriculture, Nutrition and Forestry, Feb. 23. GAO/T-GGD-89-8. Acc. No. 137999.

Environmental Problems at the Department of Energy's Nuclear Weapons Complex, by J. Dexter Peach, Resources, Community, and Economic Development Division, before the Subcommittee on Procurement and Military Nuclear Systems, House Committee on Armed Services, Feb. 24. GAO/T-RCED-89-12.

Investigation of Apparent Preferential Treatment of a Potential Contractor by the U.S. Army Strategic Defense Command, by Robert P. Murphy, General Counsel, before the Subcommittee on Oversight of Government Management, Senate Committee on Governmental Affairs, Feb. 24. GAO/T-OSI-89-1.

Medicare: Cutting Payment Safeguards Will Increase Program Costs, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Labor, Health and Human Services, and Education, Senate Committee on Appropriations, Feb. 28. GAO/T-HRD-89-6.

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NATIONAL DEFENSE

The Davis-Bacon Act: Applicability to Supply Contract at Defense Depot, Tracy, California
GAO/HRD-89-13, Jan. 24.

Procurement: DOD Efforts Relating to Nondevelopmental Items
GAO/NSIAD-89-51, Feb. 7.

Procurement: Responses to Questions Posed by Beretta on the M9 Handgun
GAO/NSIAD-89-59, Jan. 4.

Contract Pricing: Contractors Should Provide Historical Vendor Prices to DOD
Acc. No. 137945 (GAO/NSIAD-89-68), Feb. 15.

Army Procurement: Fort Benjamin Harrison's Commercial Activity Study Should Be Redone or Updated
GAO/NSIAD-89-90, Feb. 24.

Torpedo Procurement: Issues Related to the Navy's MK-50 Torpedo Propulsion System
GAO/NSIAD-89-8, Jan. 27.

Physical Security: Protection Provided Navy Ammunition at Overseas Locations
Acc. No. 137980 (GAO/NSIAD-89-93), Feb. 17.

OMB Circular A-76: Contracting Out Public Works Functions at Jacksonville Naval Air Station
GAO/GGD-89-37, Feb. 10.

Strategic Bombers: B-1B Cost and Performance Remain Uncertain
Acc. No. 137867 (GAO/NSIAD-89-55), Feb. 3.

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GAO/NSIAD-89-86, Dec. 28.

State Department: Problems in the Diplomatic Courier System
Acc. No. 137869 (GAO/NSIAD-89-39), Feb. 6.

Embassy Security: Background Investigations of Foreign Employees
GAO/NSIAD-89-76, Jan. 5.

International Trade: Foreign Trade Zones Program Needs Clarified Criteria
GAO/NSIAD-89-85, Feb. 7.

International Trade: Review of FAS Attache Service
GAO/NSIAD-89-73, Feb. 23.

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GAO/RCED-89-63FS, Jan. 25.

International Energy Agency: Effectiveness of Members' Oil Stocks and Demand Restraint Measures
GAO/NSIAD-89-42, Feb. 6.

Fuel Ethanol: Imports From Caribbean Basin Initiative Countries
GAO/NSIAD-89-106, Feb. 21.

Nuclear Waste: Quarterly Report as of December 31, 1988
GAO/RCED-89-87, Feb. 27.

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Environmental Protection: Bibliography of GAO Documents January 1985 - August 1988
Acc. No. 137988 (GAO/RCED-89-23), Feb. 1989.

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Acc. No. 137970 (GAO/AFMD-89-2), Feb. 3.

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Acc. No. 137921 (GAO/AFMD-89-24), Feb. 10.

Surface Mining: Interior's Response to Abandoned Mine Emergencies
GAO/RCED-89-74, Jan. 31.

Endangered Species: Spotted Owl Petition Evaluation Beset by Problems
Acc. No. 137989 (GAO/RCED-89-79), Feb. 21.

Forest Service: Information on the Forest Service Appeals System
GAO/RCED-89-16BR, Feb. 16.

Inland Oil Spills: Stronger Regulation and Enforcement Needed to Avoid Future Incidents
GAO/RCED-89-65, Feb. 22.

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Farm Payments: Evaluation of Changes in County Loan Rates
GAO/RCED-89-47BR, Feb. 15.

Rural Development: Federal Programs That Focus on Rural America and Its Economic Development
GAO/RCED-89-56BR, Jan. 19.

Farmers Home Administration: Souder Loans Would Require Revised Loan-Making Criteria
GAO/RCED-89-9, Feb. 14.

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Acc. No. 137866 (GAO/AFMD-89-45), Feb. 2.

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GAO/IMTEC-89-25BR, Feb. 1.

Electronic Funds Transfer: Analysis of Proposal for Direct Deposit of Income Tax Refunds
GAO/IMTEC-89-34, Feb. 24.

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Acc. No. 137987 (GAO/GGD-89-47), Feb. 21.

Banking: Conflict of Interest Abuses in Commercial Banking Institutions
GAO/GGD-89-35, Jan. 27.

Borrower Loan Prepayments: OMB Guidelines Need to Be Strengthened
GAO/AFMD-89-19, Jan. 11.

Postal Service: Community Involvement in Post Office Relocation Decisions
Acc. No. 137975 (GAO/GGD-89-11), Feb. 17.

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GAO/GGD-89-32, Jan. 26.

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Acc. No. 137916 (GAO/RCED-89-30), Feb. 13.

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Acc. No. 137956 (GAO/RCED-89-78), Feb. 13.

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- Interstate Child Support: Case Data Limitations, Enforcement Problems, Views on Improvements Needed GAO/HRD-89-25, Jan. 27.
- Child Support: State Progress in Developing Automated Enforcement Systems GAO/HRD-89-10FS, Feb. 10.
- Rental Housing: Housing Vouchers Cost More Than Certificates but Offer Added Benefits GAO/RCED-89-20, Feb. 16.

HEALTH

- Employee Benefits: Company Actions to Limit Retiree Health Costs Acc. No. 137833 (GAO/HRD-89-31BR), Feb. 1.
- AIDS Research: NIH Review Process and Outcome of Applications for Grants and Contracts Acc. No. 137836 (GAO/HRD-89-17), Feb. 3.
- AIDS Education: Issues Affecting Counseling and Testing Programs GAO/HRD-89-39, Feb. 3.
- Long-term Care for the Elderly: Issues of Need, Access, and Costs GAO/HRD-89-4, Nov. 28.

INCOME SECURITY

- Private Pensions: Portability and Preservation of Vested Pension Benefits Acc. No. 137856 (GAO/HRD-89-15BR), Feb. 3.

ADMINISTRATION OF JUSTICE

- Indian Affairs: Information of Major Crimes on Three Montana Reservations GAO/RCED-89-69, Feb. 15.

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- Federal Retirement: Use of Contractors to Implement the Federal Employees Retirement System Acc. No. 137834 (GAO/GGD-89-29), Feb. 1.
- Federal Workforce: Positions Eligible for Law Enforcement Officer Retirement Benefits GAO/GGD-89-24, Feb. 2.
- Federal ADP Personnel: Recruitment and Retention GAO/IMTEC-89-12BR, Feb. 7.
- Social Security: Views of Agency Personnel on Service Quality and Staff Reductions GAO/HRD-89-37BR, Feb. 10.
- Tax Administration: Accessibility, Timeliness, and Accuracy of IRS' Telephone Assistance Program Acc. No. 137851 (GAO/GGD-89-30), Feb. 3.
- Tax Administration: How Precise Are IRS Estimates of Taxpayers Calling for Assistance? Acc. No. 137986 (GAO/GGD-89-31), Feb. 21.
- Tax Administration: Periodic Evaluation Needed If IRS Uses Levies to Collect Deferred Accounts Acc. No. 137941 (GAO/GGD-89-34), Feb. 14.
- Tax Policy: Economic, Administrative, and Taxpayer Compliance Aspects of a Gross Income Tax Acc. No. 137951 (GAO/GGD-89-36), Feb. 17.
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- Computer Security: Compliance With Training Requirements of the Computer Security Act of 1987 Acc. No. 137992 (GAO/IMTEC-89-16BR), Feb. 22.

- Procurement: Department of State Should Be Competing Many Sole-Source Contracts GAO/NSIAD-89-6, Jan. 24.

CONGRESSIONAL TESTIMONY BY GAO OFFICIALS

- Resolving the Savings and Loan Crisis, Feb. 2. GAO/T-GGD-89-4. Acc. No. 137835.
- GAO's Cost Estimate of the Family and Medical Leave Act Proposal, Feb. 2. GAO/T-HRD-89-3. Acc. No. 137837.
- The Environmental Protection Agency's Use of Consultants, Feb. 3. GAO/T-GGD-89-5. Acc. No. 137838.
- GAO's Cost Estimate of the Family and Medical Leave Act of 1989 (H.R. 770), Feb. 7. GAO/T-HRD-89-4. Acc. No. 137870.
- Dealing With Enormous Problems in the Nuclear Weapons Complex, Feb. 8. GAO/T-RCED-89-6. Acc. No. 137884.
- Pension Plan Participation In Leveraged Buyout Funds, Feb. 9. GAO/T-HRD-89-5. Acc. No. 137908.
- The Need to Improve Auditing in the Savings and Loan Industry, Feb. 21. GAO/T-AFMD-89-2.
- GAO's Views on Modernizing and Cleaning Up DOE's Nuclear Weapons Complex, Feb. 21. GAO/T-RCED-89-9.
- Resolving the Savings and Loan Crisis, Feb. 22. GAO/T-GGD-89-7.
- Managing IRS: Actions Needed to Assure Quality Service in the Future, Feb. 22. GAO/T-GGD-89-6.
- Management and Censorship Issues of Stars and Stripes, Feb. 22. GAO/T-NSIAD-89-4.
- Modernizing and Cleaning Up DOE's Nuclear Weapons Complex, Feb. 22. GAO/T-RCED-89-10.
- U.S. Military Aircraft Coproduction With Japan, Feb. 23. GAO/T-NSIAD-89-6. Acc. No. 138000.
- Role of the Reserves in the Total Force Policy, Feb. 23. GAO/T-NSIAD-89-7. Acc. No. 137993.
- Sound Contract Management Needed at the Environmental Protection Agency, Feb. 23. GAO/T-RCED-89-8. Acc. No. 138006.
- Enormous Modernization and Cleanup Problems in the Nuclear Weapons Complex, Feb. 23. GAO/T-RCED-89-11. Acc. No. 138007.
- Commodity Futures Trading Commission and the Chicago Futures Exchanges' Detection of Trade Practice Abuses, Feb. 23. GAO/T-GGD-89-8. Acc. No. 137999.
- Environmental Problems at the Department of Energy's Nuclear Weapons Complex, Feb. 24. GAO/T-RCED-89-12.
- Investigation of Apparent Preferential Treatment of a Potential Contractor by the U.S. Army Strategic Defense Command, Feb. 24. GAO/T-OSI-89-1.
- Medicare: Cutting Payment Safeguards Will Increase Program Costs, Feb. 28. GAO/T-HRD-89-6.

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