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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20545

B-115392

April 5, 1979

The Honorable Lawton M. Chiles
Chairman, Subcommittee on Treasury,
Postal Service, and General
Government
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

In response to the request of your office on March 1, 1979, this report contains material for use in the upcoming appropriations hearings on the procedures and practices of the General Services Administration and the Office of Management and Budget for following up on GAO report recommendations.

As detailed by the enclosed information and examples, our experience in monitoring GSA implementation of our audit recommendations indicates that the followup system needs considerably greater management emphasis--by the agency and OMB--and more prompt and systematic review by GSA internal auditors to provide any assurance that promised corrective actions are actually taken or that the reported problems are otherwise satisfactorily resolved.

As requested by your staff, no further distribution of the enclosure will be made until after your hearings have been conducted.

Sincerely yours,
James R. Atch
Comptroller General
of the United States

Enclosure



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PROCEDURES AND PRACTICES OF
GENERAL SERVICES ADMINISTRATION AND
OFFICE OF MANAGEMENT AND BUDGET
FOR
FOLLOWING UP ON GAO REPORT RECOMMENDATIONS
PREPARED FOR
SENATE APPROPRIATIONS SUBCOMMITTEE ON
TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT

PRIOR GAO AND GSA TESTIMONY

In August 1978, the Chairman of the Subcommittee on Federal Spending Practices and Open Government advised the General Services Administrator that GAO testified in June 1978 that a host of GAO findings and recommendations over the past six or seven years have been reported to GSA and that most of the problems raised have never been successfully resolved. The Chairman added that in addition to ignoring GAO findings, GSA did not pay much attention to GSA's own internal audits either. The Chairman requested the Administrator to advise the Subcommittee of GSA's remedial action.

In August 1978 the Chairman also asked GAO to inquire about GSA's remedial action and to state during testimony in September whether the GSA System is satisfactory to GAO. In our statement of September 18, 1978, we stated that, as a result of the Chairman's request, the Administrator planned to place primary responsibility on the Director of Audits to follow up on the status of corrective action taken by the Services on GAO reports. According to the Administrator, he would meet with the Director of Audits to discuss in detail those GAO recommendations that the agency agreed with but had not acted upon.

PROVISIONS OF LAW AND REGULATIONSLegislative Reorganization Act of 1970

Section 236 of the Act requires the Head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

For each GAO report containing recommendations, GSA submits a written statement to the House Committee on Government Operations and the Senate Committee on Governmental Affairs concerning its corrective actions. However, concerning the requirement to notify the Appropriations Committees, GSA submits an annual report which is a compilation of all GAO reports containing recommendations made during the year and GSA's proposed corrective actions. This compilation consists of all reports with recommendations issued at least 60 days before GSA's first request to the Appropriations Committees, which is generally around February or March of each year.

Timeliness of Section 236 Responses

In 1978 at the request of the Senate Governmental Affairs Committee, we reviewed the timeliness of agency Section 236 letters. Our universe was GAO reports issued and released to Federal agencies during March 1978. We found that overall the agencies were not meeting the 60-day reporting requirement. There were, however, some marked differences in their performance. Overall only 25 (16 percent) of the 157 responses were received within the required 60 days.

GSA and the Department of Transportation had the best record in this regard. On the average, GSA's responses required 66 days ranging from 49 to 100 days. In contrast, the Department of Health, Education, and Welfare averaged 174 days with a range of 100 to 318 days. Our limited followup work indicates that GSA continues to respond to the House Committee on Government Operations and the Senate Committee on Governmental Affairs in a fairly timely manner.

In regard to the House and Senate Committees on Appropriations, however, there are built-in delays in the requirements of Section 236 for submitting the written statement with the agency's first request for appropriations made more than 60 days after issuance of the GAO report. This can result in insufficient time for the committees' consideration of the adequacy of the agency's actions. In addition, the committees would have no information on the agency's actions for GAO reports issued in the 60-day period preceding the appropriations request.

Office of Management and Budget

OMB Circular No. A-50, revised, 1/15/79
"Executive branch action on General
Accounting Office reports"

This Circular emphasizes to the heads of departments and agencies that they initiate corrective action as soon as possible and report to OMB any inability to meet the dates estimated for implementing recommended actions or otherwise resolving the problems reported by GAO.

A-50 requires corrective action, as determined by the agency, to be initiated promptly on draft as well as final GAO reports. It also requires that OMB's copies of the agency's written Section 236 statement be accompanied by a letter providing any additional information--not in the GAO report or the agency's Section 236 statement--on (1) the agency's position on the GAO findings and recommendations and (2) corrective actions including when it expects actions in process to be completed. OMB's minimum requirements for the accompanying letter is that the agency reaffirm its views and confirm its action.

The agency is required to make a second report to OMB no later than 30 days after the date given for completion of the corrective action. For OMB's purpose, action will be considered complete when the agency has taken all steps within its power either to comply with the GAO recommendations or to solve the problem in some other manner.

OMB Circular No. A-73, revised, 3/15/78
"Audit of Federal Operations and Programs"

Circular A-73 contains instruction to departments and agencies to conform with that portion of the Comptroller General's "Standards for Audit of Governmental Organizations,

Programs, Activities & Functions" concerned with appropriate and timely corrective measures. The Circular requires that agency audit policies provide for: (1) designating officials responsible for followup, (2) maintaining a record of the action taken on recommendations, (3) establishing time schedules for responding to and acting on recommendations, and (4) submitting periodic reports to agency management on action taken.

In recent hearings of the Subcommittee on Legislation and National Security, House Government Operations Committee, OMB said that it plans to make major changes in this Circular which would emphasize and expand the requirements on resolution of audit recommendations.

General Services Administration
Procedures and Practices

Office of Audits' draft 1/
"Guidelines for Audit"

GSA's procedures for audit followup to ensure that timely corrective actions are completed have the same basic requirements for both its internal audit and GAO recommendations. They are: (1) initial followup after 120 days, with reporting to responsible operating officials on the status of proposed actions not completed; and (2) successive followups every 60 days until the recommendations have been satisfactorily implemented or otherwise resolved. When all actions stated in the agency's action plan or in GSA's reply to GAO are completed, an internal memorandum is sent to the Director of Audits for the record.

For internal audit reports, the 120-day suspense period starts when the responsible operating officials send a corrective action package to the Administrator and the Office of Audits. After the suspense period, the internal auditor reevaluates the recommendations and, if considered still applicable, he makes a followup audit to firmly establish the adequacy and effectiveness of the actual actions taken.

^{1/}Issued for use in November 1977. Although GSA's Office of Audits requested suggestions for improvements and corrections in March 1978, no changes were made to the draft as late as March 1979.

For GAO reports, the 120 days starts when signed copies of GSA's reply to GAO 1/ are received from the Administrator or, if appropriate, a Regional Administrator. After the suspense period, the internal auditor is to make a cursory review. If the auditor finds problems in timely initiation and completion of the corrective action, he should request time from the Director of Audits to determine whether or not the action agreed to is actually being carried out.

The guidelines specify that internal audit reporting to operating officials on GAO recommendations is made on the same exception basis and procedures as for internal audit recommendations.

GSA Order ADM 2030.1B, 12/28/77
"Types of audit services and audit
report processing procedures"

As originally drafted, this Order contained the same procedures as the Guidelines for Audits for prompt and systematic followup reviews of actions taken on both GAO reports and internal audit reports. The current version, however, has no time provisions for followup of GAO reports. It requires only that such reviews be performed "on a selective basis during the year, and the status of all required actions on current GAO reports will be determined at calendar yearend."

As revised, apparently to recognize the actual practices, 2/ this Order does not require reasonably prompt and systematic followup to ensure: (1) early identification of problems in the timely initiation of the corrective action agreed to on GAO recommendations; and (2) that the actions are actually completed or the matter is otherwise satisfactorily resolved.

1/The Guidelines indicate that this refers to either:
(1) the response to draft GAO reports when agency comments are obtained; or (2) the response to final GAO reports issued without formal comments, usually also transmitting copies of the Section 236 statement.

2/The relegation of GAO recommendations to followup on a selective basis only, while continuing to followup on GSA internal recommendations on a scheduled automatic basis, is discussed in a letter dated 2/9/79 from the Administrator to the OMB Director (see page 6). The Administrator did not explain why GSA is handling the followup of GAO recommendations differently.

GSA Order ADM 1055.4, 5/22/75
"General Accounting Office (GAO)
inquiries, reports, and related
matters"

This Order affirms the applicability of OMB Circular No. A-73, as well as OMB Circular No. A-50, to GAO as well as GSA internal audit reports, regarding the need for prompt and systematic followup on the timely initiation and completion of corrective actions.

The Heads of GSA's Services and Staff Offices and Regional Administrators concerned with the problems discussed in GAO reports are made primarily responsible for establishing a time schedule for each required action and for ensuring timely initiation and completion of the actions. The Office of Audits is made responsible for the followup reviews and reporting to the Administrator on significant problems or delays in starting and completing corrective actions.

Administrator of General Services'
Response to OMB Director's Inquiry on
GSA's Audit Followup System, 2/9/79

This letter further deemphasizes prompt and systematic followup review of actions on GAO recommendations. The Administrator defined "selective basis" for followup as "the degree that current staffing and other priorities permit." This policy replaces written, exception reporting of inadequate corrective actions with oral, quarterly briefings on the status of the recommendations.

The Administrator told OMB that the results of the system for followup and resolution of internal GSA and GAO recommendations have not always been satisfactory for two reasons: (1) severely restricted manpower; and (2) the lack of emphasis in the past by the Administrators and other top management officials on prompt and effective action to implement audit recommendations. To correct the second condition, the Administrator wrote that he established a formal reporting system which requires operating officials to inform him quarterly through the Office of the Inspector General of the action taken on all recommendations.

Although the Administrator stated that the quarterly briefings are in addition to the existing system for followup reviews and reports by the Office of Audits, the requirement for automatic 120-day and 60-day followup reviews was

retained only for internal GSA audit recommendations. The only explanation offered for not requiring automatic follow-up for GAO recommendations was that the "system allowed varying time schedules for responding to and taking action on recommendations depending on the source of the report and the complexity of implementing the recommendations."

The Administrator was scheduled to get a briefing in February 1979 on the status of all recommendations at December 31, 1978. A copy of the status report, a compilation of those reports having open recommendations, was provided to GAO. Except for our analyses of the seven examples of open GAO recommendations that follow, we have not tried to assess the completeness and accuracy of the status report.

EXAMPLES OF GAO RECOMMENDATIONS
NOT COMPLIED WITH BY GSA

There follow seven examples of open GAO recommendations to which GSA agreed but has not adequately acted upon.

Public Buildings Service

Pricing of construction contract
change orders (LCD-77-304, 11/23/76)

This report recommended to the Administrator of General Services that construction contract provisions be amended to provide that overhead, profit, and commission be applied on all change orders which either added or deleted work. These items currently are added to contract prices when the scope of work is increased, but not uniformly deducted as appropriate when the scope is decreased.

In January 1977, GSA notified the Senate Governmental Affairs and House Government Operations Committees, OMB, and GAO that it concurred with the recommendation and that it would promulgate suitable contract language for the recovery of unexpended amounts of overhead, profit and commission on change orders which deleted work on construction projects. GSA estimated that the provisions would be completed by December 1977.

According to OMB Circular A-50, agencies should notify OMB no later than 30 days after the completion date has been passed and advise OMB when they expect to complete the action. We found no evidence that GSA notified OMB or that OMB asked GSA whether the contract language had been completed and implemented.

On June 12, 1978, we requested information on the revised contract provisions. In September we were notified that the revised contract provisions would be implemented by September 30, 1978. Again, this completion date was not met.

On January 18, 1979, we wrote again reminding the Administrator of the importance of reducing overhead, profit, and commission, when appropriate, and that the revised contract provisions were not implemented. As of March 15, we had not received a reply.

The Senate and House Committees on Appropriations were advised in February 1977, in the annual compilation of actions taken by GSA on Comptroller General recommendations, that the contract provisions would not be completed until December 1977. In the subsequent report issued in March 1978, it was included again and the scheduled completion date was April 30, 1978.

GSA's practices in awarding and
administering leases could be improved
(LCD-77-354, 1/24/78)

This report concerned our review of General Services Administration's practices in awarding and administering leases. A draft report was delivered to the agency in July 1977 with nine recommendations to the Administrator. One of those recommendations called for separate metering of electricity and other utilities in Government-leased buildings with other tenants. The Administrator commented on the draft in October 1977, stating that adjustments in rentals have been, or are being, made to compensate the Government for cost of utilities in non-leased areas.

On March 15, 1978, GSA furnished comments to GAO, OMB, and the House Government Operations and Senate Governmental Affairs Committees on our recommendation. In essence the agency agreed to take some sort of corrective action on eight of the nine recommendations.

On March 13, 1978, the Commissioner of Public Buildings Service wrote to all Regional Commissioners that GSA was committed to full implementation of eight GAO recommendations in that report. He asked for identification of non-Government tenants in leased buildings on the Government's meters, and the amount of space occupied, in order that their share of the utilities costs could be calculated. He directed each Region to submit within 30 days a list of all such leased buildings.

In November 1978 (16 months after first calling this matter to GSA's attention), we inspected the Columbia Plaza Office Building for other reported problems. Region 3 officials told us that the electricity in the building has not been separately metered for the garage leased to non-Government tenants, and that they did not know when that would be corrected.

We wrote to the Administrator on November 30, 1978, asking when GSA would correct the meter problem and obtain appropriate refunds for the Columbia Plaza Office Building and other leased buildings with non-Government tenants on the Government's meter. On January 16, 1979, GSA told us that within 60 days they would have more details on the amount of money involved and of the actions taken. As of March 29, we have not received the additional information.

Although this action took over 20 months, GSA did not advise OMB of any delay in implementing the corrective action.

This report, its recommendations, and GSA corrective actions has been included in the annual compilation prepared for the House and Senate Committees on Appropriations. We were advised that the report will be forwarded soon.

GSA's practices for altering
leased buildings should be improved
(LCD-78-338, 9/14/78)

This report on the General Services Administration's practices for altering leased buildings contained six recommendations to the Administrator of General Services.

Our recommendations were directed primarily to the improvement of GSA's procedures and controls governing the timing, the pricing, and the funding of contracts and change orders for alterations to leased space.

On December 11, 1978, the Administrator notified us, OMB, and the House and Senate Committees on Government Operations and Governmental Affairs that GSA agreed with all the recommendations, and would issue implementing guidelines to their Regional Offices within one month.

As of March 16, 1979, GSA has not issued the promised guidelines to its Regional Offices.

OMB was not advised of any delays in implementing the corrective action.

This report and GSA's corrective actions have been included in the annual compilation prepared for the House and Senate Committees on Appropriations. We were advised that the report will be forwarded soon.

Federal Supply Service

Federal Supply Service Self-Service
Stores Can Be Improved
(PSAD-77-60, 4/4/77)

This report described the following problems in GSA store operations.

1. Because of ineffective inventory procedures-- including not using independent personnel to take unannounced inventories--GSA did not have good control over the self-service stores stock. The lack of control can prevent prompt detection of thefts. Store employees knew in advance when inventories were to be taken and they participated in taking the inventories.

2. The audit coverage of GSA stores was inadequate to provide management with necessary information to judge the effectiveness of store operations. Although the number and sales volume of self-service store was increasing, the number of audits performed each year was decreasing. During the fiscal year 1972, 15 audits were made while only 5 audits were made during fiscal year 1974. No audits were performed during fiscal year 1975. Fifty-four self-service stores were not audited in 3 or more years. When audits were made they found significant problems.

3. Items carried by self-service stores were arbitrarily determined by store managers. There was no systematic method for determining what individual stores should carry.

4. Customer agencies lacked good controls over purchases made by their employees from the stores. They also failed to control the issuance and usage of shopping plates. This leads to impulsive buying of items nonessential to Government needs or procurement of items for personal use.

We made eight recommendations to GSA to correct these problems. In June 1977 GSA responded to us and the Senate Governmental Affairs and House Government Operations Committees, promising corrective action.

GSA subsequently improved its internal audit coverage, stopped stocking such personal use items as aspirin and facial tissue, and took certain other corrective measures. While these actions strengthened store operations, other things remain to be done. For instance, despite promised action to have independent personnel take unannounced inventories, GSA claimed it was unable to do so because of funding constraints.

Federal Supply Service Not Buying
Goods at Lowest Possible Price
(PSAD-77-69, 3/4/77)

In this report we showed that under GSA's multiple award schedule program some contractors were charging the Government more for the same item than charged commercial customers. For instance, prices charged the Federal Government by 5 of 12 multiple award contractors were much higher than prices charged other customers who bought less or comparable quantities.

We recommended to the Administrator that GSA develop procedures to enable it to obtain volume and original equipment manufacturers' discounts and/or refunds normally made available to other customers.

We also found that contractors proposals were rarely independently audited for accuracy, currency, and completeness. We recommended that FSS increase its independent verification of contractors' proposals and audit coverage of completed contracts.

In May 1977 the agency responded on the report to the Senate Governmental Affairs and House Government Operations Committees. GSA outlined its plans to develop procedures to enable FSS to obtain discounts commensurate with the aggregate purchases under its Federal Supply Schedule contracts, and stated that within staff limitations the agency was continuing to verify preaward proposals and to audit completed contracts.

This report and GSA's corrective actions have been included in the annual compilation prepared for the House and Senate Committees on Appropriations. We were advised that the report will be forwarded soon.

In June 1978 FSS Procurement Letter 272 was issued. It provides procedures to enable FSS contracting officers to obtain discounts commensurate with the aggregate purchases made under the multiple award program. However,

our current assessment of the multiple award schedule program shows that best possible prices are not being obtained, the program is too large, management is diffused and fragmented, and there is no visibility or control over what agencies are buying.

We also find that, rather than increasing the audit coverage of the multiple awards program, GSA decreased the number of such audits since our report of March 1977. GSA attributes the decrease to the lack of audit personnel.

GSA's comments on this report and recommendations, although timely, were inadequate in substance and contained no estimated dates for completion of proposed corrective actions. As illustrated above, a followup review has shown no improvement in GSA's management of the multiple award program.

Federal Supply Service practices in
awarding multiple award contracts
(PSAD-77-87, 3/11/77)

In this report, we described the inadequacies in the Federal Supply Service's evaluations of contractors' proposed prices. Our review centered on the Service's evaluations of eight multiple award schedules which had been performed in conjunction with the selection of a benchmark discount for use in negotiating catalog price discounts with other contractors. The procurement files showed that the contractor with the best offer often was not chosen as the benchmark contractor, nor was there adequate support to justify any other selection.

These findings cast doubt on the appropriateness of the benchmark established and on prices negotiated. We recommended that the Service (1) document the procurement files with the factors that were considered in evaluating the reasonableness of contractors' proposed prices, including selection of the benchmark contractor; (2) prepare a statement of justification when other than the contractor offering the best price discount is selected as benchmark contractor; and (3) prepare a record of negotiations, or a statement why negotiations were not considered necessary. We also recommended that this documentation be reviewed by supervisory personnel with a view toward scheduling appropriate training for those needing it.

ENCLOSURE

ENCLOSURE

GSA agreed and stated that procedures were issued to provide for uniform and auditable documentation of the selection of benchmark contractors and that FSS personnel would receive training in selecting benchmark discounts. The agency reported to the appropriate committees in May 1977 and March 1978.

GSA issued revised procurement instructions in June 1977, and considers that the GAO recommendations were complied with. In our current work, we find no improvement in GSA's selection of benchmark contractors and that GSA has not provided an estimated completion date for the training of procurement personnel. This indicates that issuance of procedures was not sufficient to assure actual correction.

National Archives And Records Service

Valuable Government-Owned Motion
Picture Films Are Rapidly Deteriorating
(LCD-78-113, 6/19/78)

In this report on agency efforts to preserve and maintain their motion picture films, we described deficiencies in the National Archives and Records Service program to care for valuable, historical film entrusted to its care. Problems included badly deteriorated nitrate motion picture film, lack of a viable film preservation and maintenance program, and inadequate storage conditions for film and other archival records.

Nitrate film has a limited lifespan and can decompose rapidly. When decomposed, there is a potential for spontaneous combustion of this film.

During our review, 800,000 feet of irreplaceable nitrate motion picture film was destroyed in a fire, clearly demonstrating the hazards involved.

We recommended that GSA take effective action to convert its nitrate film to safety film--the only feasible means of preserving this film. We also recommended that inadequate environmental conditions in the Archives Building be corrected to ensure the preservation of historical film and other archival records stored there. Finally, we recommended that steps be taken to provide for adequate inspection, preservation, and maintenance of the 94 million feet of safety film in Archives care.

ENCLOSURE

ENCLOSURE

In September 1978 GSA responded on the report to the Senate Governmental Affairs and House Government Operations Committees. GSA reported that it would cost \$4.4 million to convert its nitrate to safety base film; the planned expenditure for FY 1979 was \$320,000. According to GSA, the major deterrent to implementing a more timely program for nitrate conversion was a lack of funds. However, GSA had not requested adequate funds. On December 7, 1978, another fire destroyed 12.7 million feet of Archives nitrate motion picture film--almost half of the remaining 26 million feet stored in its Suitland, Md. film vaults. Subsequent to this second fire, GSA requested a supplemental appropriation of \$2.28 million for preservation of its motion picture film. Thus, it took a devastating fire to prompt GSA to take steps recommended by GAO six months earlier.

GSA's response concerning an upgrade of environmental conditions in the Archives Building was favorable. However, during an ongoing review of other archival records we have determined that environmental conditions remain unchanged. Since Fiscal Year 1975 GSA appropriation requests show about \$1.7 million, part of which was planned for expenditures relating to the Archives Building. Actual expenditures reported in the appropriation requests total only \$791,000 or 46 percent of the planned expenditures. GSA has asked for \$1.2 million in Fiscal Year 1980 to repair air conditioning in the building. We do not know if this will solve the environmental problems there.

In its response to GAO's recommendation on Archives safety film, GSA said it has developed a 10-year program for a comprehensive film inspection program which will be implemented if funds can be obtained. This response does not address preservation of this film. GSA's 1980 budget request does not provide any funds for implementing GAO's recommendation.

As illustrated, GSA's actions on our recommendations were inadequate. This is causing continuing deterioration of valuable, historical records.

QUESTIONS
FOR USE OF
SENATE APPROPRIATIONS SUBCOMMITTEE ON
TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
ON
PROCEDURES AND PRACTICES OF
GENERAL SERVICES ADMINISTRATION AND
OFFICE OF MANAGEMENT AND BUDGET
FOR
FOLLOWING UP ON GAO REPORT RECOMMENDATIONS

For GSA Witnesses

1. In connection with the GAO recommendation (LCD-77-354 dated January 24, 1978) about separate metering of non-Government space, the Commissioner of PBS asked the regional offices in March 1978 to submit a list of all buildings which have non-Government tenants on the Government's utility meters. As of December 1978, Region 3 had not complied with this request. In its report, GAO identified 13 buildings in Region 3 where the Government was paying for electricity and other utilities used by non-Government tenants.

- a. Why didn't Region 3 submit a list as requested and why didn't the Commissioner of PBS follow up on this request?
- b. Since sizable amounts of funds are involved (over \$300,000), why didn't GSA take prompt and aggressive action to obtain a refund or rent offset? How long does GSA consider a reasonable time to obtain such a refund?
- c. Does PBS or the Office of Audits know if the Regions have implemented all of the recommendations in the GAO report (LCD-77-354)?

2. In its report on Government-owned motion picture films (LCD-78-113, 6/19/78), GAO found serious deficiencies in the National Archives and Records Service film storage and preservation practices; the most serious was converting volatile nitrate film to safety base film. GAO indicated that Archives had not requested adequate funds to properly preserve and maintain both nitrate and safety film. Yet a devastating fire was required to prompt a funding request for nitrate conversion.

- a. Was OMB informed whether GSA agreed with GAO on the need to take action to convert nitrate to safety film; if GSA agreed, why was a fire required before sufficient funds were requested for film conversion?
- b. GSA's Section 236 response to this report cites a 10-year plan, which includes a comprehensive film inspection program which will be implemented if adequate funds can be obtained. Why does GSA's FY 80 budget request not provide any funds for this program? Were any target dates set for implementing GAO's recommendations?
- c. GSA's 236 response to this report contains no plans concerning maintenance of safety base film. Have you evaluated the Archives plans to implement GAO's recommendations?
- d. What internal review or audit followup steps were taken?

3. What sort of system does GSA use to notify OMB when the agency has not completed the action promised in its Section 236 statement or its first separate letter to OMB.

4. Does the head of each Service have a followup system to assure continuity of action on a GAO recommendation?

5. Procedures for followup on GAO recommendations were previously the same as those for internal GSA audit recommendations, i.e., initial followup after 120 days and successive followups each 60 days thereafter. A GSA order issued 12/28/77 required only "selective" followup of GAO reports and, at the calendar year end, determination of the status of required actions on current GAO reports. The Administrator later added a system of quarterly reporting of action taken on recommendations.

- a. When was the Office of Audits first told to change from systematic follow-up reviews of actions on GAO recommendations?
- b. Why was the followup procedures made dependent on the source of the recommendation (i.e., internal audit or GAO)?
- c. Please provide a list of followup reviews by the internal audit office on GAO recommendations. Did any of these selected reviews disclose possible problems in timely start and completion of corrective action and, if so, was further review done to determine whether actions agreed to are actually being carried out (including determinations that revised procedures are actually implemented)?
- d. In regard to the seven examples of GAO recommendations where GSA's promised actions were not taken or were inadequate (see page 7), what does the GSA official file--to be maintained by Office of Audits under GSA Order ADM 1055.4--show as to (1) the considerations affecting whether or not these reports were "selected" for followup and (2) if selected, the findings on problems in starting and completing the agreed upon corrective actions?
- e. How many times has the Administrator met with the Director of Audits and the Commissioners to discuss the status of corrective actions? Is there any documentation of these discussions and any agreements reached on the handling of the problems in starting and completing the corrective actions.

For OMB Witnesses

1. OMB Circular A-50 requires agencies to send OMB a letter stating their views on GAO's findings and recommendations

and--where they agree with GAO recommendations--describing adequately the corrective action they intend to take and when they expect to complete it.

- a. Does your Office review these reports and the copies of the agencies' "236" statements to see whether or not they comply with your instructions?

2. A second agency report to OMB is due no later than 30 days after the specified completion date. GAO cited several examples of GSA passing these completion dates without such reporting to your Office. Apparently your Office has not checked on GSA in these cases.

- a. What does your Office do about following up with the agencies when they are overdue in reporting failures to complete corrective action as originally expected?

3. What changes in OMB's policy guidance and oversight are being considered to achieve more timely and complete resolution of GAO's audit recommendations?