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National Defense

Civil Defense: FEMA's Management Controls Need Strengthening

Acc. No. 134765 (GAO/NSIAD-88-52), Dec. 31.

The Federal Emergency Management Agency has management control problems at all levels involving monitoring of state and local activities and inadequate documentation of procurement activities, particularly for sole source awards. In assisting and monitoring states' efforts to achieve civil defense objectives, FEMA often did little more than a cursory monitoring of states' compliance with administrative requirements. Its regions did not adequately monitor proposed and actual expenditures, and continued to award funds even where states' plans did not meet objectives required by agreements. FEMA's controls over funding and procurement are often weakened by lack of documentation and by questionable handling of procurement actions. Improved management control systems could reduce or eliminate many of the problems.

Strategic Forces: Justification for the Short Range Attack Missile II

GAO/NSIAD-88-81BR, Dec. 31.

The Air Force believes that, even with modifications, the Short Range Attack Missile A will not continue to meet strategic penetrating bomber needs. It therefore justifies replacing the SRAM A with the SRAM II on the basis that the SRAM A inventory has declined and will continue to do so because of test requirements; that the effects of aging could further reduce inventory and degrade effectiveness and safety; that SRAM A's warhead does not meet current criteria for nuclear safety design; and that a more capable missile is needed because enemy defenses have improved and target characteristics have changed since SRAM A became operational.

Strategic Forces: Procurement Practices at Northrop's Advanced Systems Division

GAO/NSIAD-88-68BR, Dec. 21.

A September 1987 internal audit by Northrop Advanced Systems Division revealed no evidence that it used "doing business as" accounts—accounts that circumvented the established purchasing system—in order to quickly procure parts for the MX missile. Without appropriate controls, this practice increases the risk of procuring substandard or

duplicate parts. An Air Force review of the NASD purchasing system disclosed numerous deficiencies with the result that the Air Force did not approve the system.

**Contract Pricing:
Overpricing B-1 Engine
Fan Blade Subcontract**

GAO/NSIAD-88-100, Jan. 28.

The Mal Tool & Engineering Company included unallowable overhead costs in its subcontract proposal used by General Electric as cost or pricing data in support of material prices for the B-1 bomber engine contract. The overhead costs consisted of expenses associated with a 44-foot yacht, a lodge in a ski area, entertainers in a hotel hospitality suite, a product display exhibit, and contributions and donations. Mal Tool's proposal did not identify any of these unallowable costs and, consequently, it included them in the cost or pricing data supporting material prices given to the Air Force. Therefore, GAO believes this contract was overpriced by \$190,646, including General Electric's overhead and profit.

**Navy Contracting:
Status of Plans to Second
Source AEGIS Weapon
System**

GAO/NSIAD-88-62FS, Dec. 21.

As of August 1987 Navy's procurement strategy for the AEGIS weapon system established a competitive second source, using a team approach, for manufacturing major AEGIS weapon system components; however, it was not to compete system engineering, integration and testing, and design. This means that the Radio Corporation of America will continue as the sole-source system design agent and production system integrator.

**Navy Supply:
Economic Order Quantity
and Item Essentiality Need
More Consideration**

Acc. No. 134777 (GAO/NSIAD-88-64), Jan. 6.

In FY 1987, the Navy budgeted almost \$3 billion to purchase replenishment material for peacetime operating stocks. To reduce the purchase workload, Navy adopted a policy that overrode the use of economic order quantity formulas and required a minimum of 1 year's supply on all items. At the same time, its inventory of long supply stock showed dramatic increases, and it has continued to increase. Navy could reduce the potential for increases in long supply and minimize the costs of ordering and holding inventory by buying the economic order quantity rather than a minimum of 1 year's supply.

**DOD Inventory
Management:
Revised Policies Needed**

Acc. No. 134814 (GAO/NSIAD-88-75), Jan. 14.

The Department of Defense needs to place emphasis on identifying the systemic causes of inventory accuracy problems; however, DOD does not have the data it needs to assess where the basic problems are. Too much emphasis has been placed on making inventory accuracy rates look better, rather than identifying and addressing the causes of inventory accuracy problems. Additionally, the services sometimes do not correct their inventory records when the discrepancies are discovered. The records should be corrected to reflect what inventories are actually on hand because item managers need such information to make day-to-day supply management decisions.

**Inventory Management:
Defense Logistics Agency
Inventory Accuracy
Problems**

GAO/NSIAD-88-39, Dec. 24.

Data reported by the Defense Logistics Agency did not reflect actual inventory accuracy conditions at DLA depots showing that the need for management attention exists. DLA needs to determine if there are trends or systemic concerns causing the problem so that the potential for a waste of government funds is eliminated.

**Procurement:
Delivery Problems With
Inertial Measurement
Units**

GAO/NSIAD-88-74BR, Dec. 18.

Inertial measurement units, a major component of the Peacekeeper missile guidance and control system, are manufactured by the Northrop Electronics Division. Northrop has not delivered operational IMUs on time with the result that there are insufficient IMUs to support the Peacekeeper deployment schedule. The total cost impact of late deliveries cannot be accurately estimated but a preliminary Northrop estimate indicates that the target cost will be exceeded by \$24.4 million (about 8 percent of target cost), of which the Air Force will absorb about \$17 million.

**ADP Procurement:
Army Accounting System
Modernization**

GAO/IMTEC-88-14BR, Dec. 28.

Army's main automated systems are old, contain application programs that date back to the early 1970s, are poorly suited to their current applications, and are inadequate to meet current management and legal requirements. To overcome these deficiencies, the Army is modernizing its accounting systems. Its overall strategy is to consolidate its 52

existing accounting systems into a family of eight subsystems that would be structured into three major components—departmental accounting, field-level accounting, and payroll accounting. In 1986, Army estimated the total cost for the modernization at \$380 million. But an updated estimated development cost reduced the cost to \$277 million.

**Army Procurement:
Allegations Regarding
Contract Awards for Water
Purification Equipment**

GAO/NSIAD-88-40, Dec. 28.

A reverse osmosis water purification unit contractor alleged that the Army, the Small Business Administration, and the Economic Development Administration failed to comply with existing laws, regulations, and policies in awarding and administering contracts for the procurement of the purification equipment. GAO found no evidence that Army or other government officials had deliberately tried to cause the contractor injury and that many of the contractor's concerns resulted from misunderstandings and differences of opinion regarding how various matters should be handled and how quickly resolution should occur.

**Medical ADP Systems:
Composite Health Care
System Operational Test
and Evaluation Costs**

GAO/IMTEC-88-18BR, Jan. 28.

The Department of Defense's Composite Health Care System is a state-of-the-art medical information system Defense is acquiring for use in all military hospitals, medical centers, and clinics worldwide. Concerns have been raised over whether Defense had sufficient funds in its FY 1988 and 1989 program budget to conduct tests that will meet operational test and evaluation objectives and whether test objectives could be fulfilled either at a lower cost or more effectively than currently planned. Defense projected that it had sufficient funds but had the options of either reducing the cost of testing or conducting more comprehensive tests. Whether Defense chose one of these options or conducted testing as planned, it could have reduced the program budget by several million dollars in FY 1988 and 1989 combined.

**Military Facilities:
Funding and Membership
for the Consolidated Open
Mess of the Philippines**

GAO/NSIAD-88-83FS, Dec. 31.

The Open Mess of the Philippines is a self-supporting activity that receives no direct appropriated funds to support its operation. The majority of members are Filipino military or Filipino civilians who are honorary members. The numbers of members in these categories significantly decreased in the past year. The decrease appears to be due, in

part, to the Open Mess' review to purge inactive members from its membership rolls.

International Affairs

International Trade Commission's Agricultural Unfair Trade Investigations

GAO/NSIAD-88-58BR, Dec. 30.

Antidumping and countervailing duties are imposed on imports into the United States to correct unfair practices which benefit imports over domestically produced goods. The International Trade Commission determines whether dumping practices or subsidies have injured U.S. industry. In analyzing 29 agricultural and agriculture-related antidumping and countervailing duty cases for which ITC had made either preliminary or final determinations about material injury by reason of imports, GAO found that six of the 29 cases were terminated because ITC determined that there was no injury to the domestic industry; two cases were pending; in the remaining 21 cases ITC reached affirmative injury determinations; and of the 18 cases that proceeded to a final investigation, ITC determined in 8 cases that the domestic industry had suffered material injury.

Science, Space, and Technology

Nuclear Science: Challenges Facing Space Reactor Power Systems Development

GAO/RCED-88-23, Dec. 2.

The Department of Energy is participating in two programs with other federal organizations to research and develop technology for space nuclear reactor power systems capable of delivering electrical power in the multihundred kilowatt and multimewatt range. Although the multihundred kilowatt—SP-100—program is much further along than the multimewatt program, both are in early stages of development. The programs are under joint sponsorship of several federal organizations but DOE is primarily responsible for developing space-based nuclear reactor power systems technology for both programs.

**Biotechnology:
Role of Institutional
Biosafety Committees**

GAO/RCED-88-64BR, Dec. 14.

Universities, companies, and other organizations using recombinant deoxyribonucleic acid technology in laboratories established biosafety committees to implement safety guidelines issued by the National Institutes of Health for the conduct of recombinant DNA research. This report focuses on (1) the membership of the biosafety committees, (2) the diversity of their functions and activities, (3) their implementation of the NIH guidelines for research involving recombinant DNA molecules, and (4) their role in overseeing the use of genetically engineered organisms in the environment.

Energy

**Public Utilities:
Information on the Cash
Position of the Electric
Utility Industry**

GAO/RCED-88-76, Dec. 30.

The electric utility industry's level of cash availability in the aggregate improved from the late 1970s through 1985. The industry's current and quick ratios have improved, its cash availability after major obligations have been met has increased, and the percentage of total cash provided from internal operations has increased relative to cash obtained through long-term borrowings and stock sales. On a relative basis, cash devoted to construction decreased while cash used to retire long-term debt and pay dividends increased. An examination of financial data for selected individual utilities with significant amounts of excess deferred taxes showed that their financial situations varied widely.

**Natural Resources and
Environment**

**Hazardous Waste:
Corrective Action
Cleanups Will Take Years
to Complete**

GAO/RCED-88-48, Dec. 9.

Years of poor management practices engaged in by many facilities that are covered by the Resource Conservation and Recovery Act of 1976 and that treat, store, or dispose of materials containing hazardous chemical wastes have caused toxic chemicals to seep into the nation's groundwater and surface waters and to contaminate the land and the air. It

may take until FY 2005 before all facilities have cleanup actions initiated. Some corrective actions could take up to 20 years to complete, extending the projection to FY 2025. Of an estimated 2,500 facilities requiring corrective action, the Environmental Protection Agency projects that over 800 of them may go bankrupt or be unwilling to complete the necessary actions. This will result in the facilities being transferred to the Superfund program for cleanup.

**Superfund:
Extent of Nation's
Potential Hazardous Waste
Problem Still Unknown**

GAO/RCED-88-44, Dec. 17.

By 1985, more than 20,000 hazardous waste sites in the United States had been reported to the Environmental Protection Agency, up from 9,500 in 1985. Even so, EPA did not have a complete inventory of these sites and many more remained to be identified and reported before EPA could assess the full extent of the nation's hazardous waste problem. GAO estimates that now as many as 425,000 sites may need to be evaluated but EPA continues to give low priority to helping states identify and inventory new sites. Federal leadership, guidance, and money has been generally nonexistent and as a result, state site identification programs vary considerably. Further, despite GAO's past recommendations, EPA has done little to improve reporting of known sites. EPA must ensure that reasonable efforts are being made to uncover, inventory, and assess potential new sites.

**Superfund:
Insuring Underground
Petroleum Tanks**

Acc. No. 134843 (GAO/RCED-88-39), Jan. 15.

The Environmental Protection Agency has estimated that hundreds of thousands of underground petroleum tanks in the United States have corroded and leaked causing groundwater contamination, fires, or explosions. The price tag for the growing problem could range in the billions. EPA published proposed regulations requiring all tank owners and operators to maintain evidence of financial responsibility of which insurance is a primary method. However, tank insurance is limited because many insurers remain unwilling to enter this market. Expectation is that risks associated with tanks will decrease and the insurance situation will improve. But until that time, unless methods other than insurance become more available, circumstances warrant changes in EPA's timetable for implementing proposed regulations covering (1) financial responsibility requirements and (2) tank upgrading and replacement.

**Environmental Funding:
DOE Needs to Better
Identify Funds for
Hazardous Waste
Compliance**

Acc. No. 134766 (GAO/RCED-88-62), Dec. 16.

The Department of Energy, which has significant environmental problems at its facilities, may not be providing sufficient funds for bringing the facilities into compliance with the Resource Conservation and Recovery Act of 1976 and with the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, two comprehensive waste management statutes. Funds for RCRA and CERCLA are commingled within money allotted for DOE defense operations and are not readily distinguishable. DOE will be separately budgeting and accounting for some of the dollars, but it needs to do more because its efforts will not identify funding for a major portion of compliance activities.

**Air Pollution:
Information on EPA's
Efforts to Control
Emissions of Sulfur
Dioxide**

GAO/RCED-88-32, Dec. 7.

Sulfur dioxide not only by itself is a health risk but it contributes to the formation of acid rain prompting the Environmental Protection Agency to develop two models—the Regional Acid Deposition Model and the Complex Terrain Dispersion Model—to improve its ability to set standards at levels intended to protect the public's health and welfare. RADM, which addresses the acidic deposition, has exceeded EPA's original \$11.5 million cost estimate by \$3.5 million and EPA estimates the final cost to be about \$30 million when completed in September 1990. EPA originally estimated CTDM, which addresses airborne pollutants, to cost \$5.7 million but so far it has expended \$8.5 million through FY 1987. Additional improvements and refinements to the models will be necessary before EPA can use them to make regulatory decisions to reduce pollution.

**Air Pollution:
EPA's Process for
Planning, Budgeting, and
Reviewing Research**

GAO/RCED-88-47BR, Dec. 15.

The Environmental Protection Agency is using a three-tiered process for planning and budgeting research activities consisting of (1) identifying and documenting key issues that will determine its research program over the next 5 years, (2) defining the resources and outputs required for specific research issues, and (3) defining each program office's research needs for the upcoming year and identifying when specific products are needed. The process is designed to provide ample opportunity for the needs of EPA regulators to be incorporated into the research planning and budgeting system and includes extensive involvement by managers from EPA research offices and laboratories and from various program offices which are the ultimate users of the research. EPA plans

to incorporate the processes in its interim guidance for preparing the 1990 budget; it should also incorporate the processes into an EPA policy statement.

Commerce and Housing Credit

Financial Markets: Preliminary Observations on the October 1987 Crash

GAO/GGD-88-38, Jan. 26.

The stock market crash of October 1987 was caused by a confluence of macroeconomic, political, psychological, and trading factors, and isolating any one cause would be difficult, according to most market experts. However, GAO believes that the October events demonstrate that broad new trading interests and strategies have evolved in capital markets and that the previously segregated stock, options, and futures markets have become linked and international in scope. Two areas necessitate immediate attention to help restore confidence in the markets and alleviate concerns that they could crash again soon—the need to evaluate automated systems in handling large volumes and the need to develop formal intermarket contingency planning to deal with any future market emergencies that may occur.

Internal Controls: SBA's Controls for Identifying Defaulted Loan Applicants

Acc. No. 134876 (GAO/RCED-88-67), Jan. 21.

The Small Business Administration relies on lending controls, such as information provided by the applicants and outside credit reports, to identify those who have previously defaulted on an SBA loan. Since it has seldom made loans to such applicants, SBA does not conclusively demonstrate that it needs to establish automated controls although it plans to study their feasibility and costs. With one exception involving a legal interpretation of the law, SBA has not exceeded its statutory lending limits making any further investigation unnecessary at this time.

Transportation

Aviation Security: Improved Controls Needed to Prevent Unauthorized Access at Key Airports

GAO/RCED-88-86, Jan. 29.

Although the specific nature and extent of security deficiencies varies among airports, the types that GAO identified were such that if left uncorrected, they could allow unauthorized persons access to air operations areas and aircraft. Chief among the problems were inadequate controls over personnel identification systems and over access to those parts of the airport where aircraft operate. The Federal Aviation Administration's policy on passenger screening could not ensure that dangerous weapons were not carried through the screening process by airport and air carrier employees and their contractors. Also under FAA's policy, air carriers could decide if employees would be subject to the passenger screening process. As a result, many air carriers allowed air carrier and airport employees with identification to bypass screening.

Motor Vehicle Safety: A Review of the NTSB Report on Rear Seat Lap Belt Effectiveness

GAO/RCED-88-13, Nov. 13.

The National Transportation Safety Board challenged the belief that lap belts for rear seat automobile passengers were effective as a life-saving device and also uncovered a number of cases in which passengers were injured because they wore lap belts. NTSB therefore concluded it could not advise people to wear the belts. GAO agrees with NTSB that there may be inaccuracies in the data researchers have used to analyze rear seat lap belt effectiveness but believes that before rejecting all of these analyses and the widely held belief that the belts protect rear seat passengers, NTSB must do more than simply point to the existence of limitations in the databases. A number of recent studies employing different methodologies and different databases, while finding that rear seat lap belts are less effective in the types of accidents investigated by NTSB, concur in finding that rear seat lap belts protect wearers more often than they harm them.

Social Services

Financial Management: Overall Plan Needed to Guide System Improvements at Education

GAO/AFMD-88-15, Dec. 31.

Each year, the Department of Education gives or lends about \$16 billion of taxpayer money to schools, individual students, states, and local education agencies. The Department is responsible for these funds and, in some cases, their eventual repayment. Overall, the Department's accounting system does not provide managers with the reliable information they need to protect financial resources from fraud, waste, and mismanagement and to satisfy internal and external financial reporting requirements. It continues to experience known financial management problems because no specific goals and objectives to correct them have been established.

Guaranteed Student Loans: Potential Default and Cost Reduction Options

Acc. No. 134842 (GAO/HRD-88-52BR), Jan. 7.

Loan defaults have risen dramatically—from \$300 million in FY 1982 to \$1.3 billion in FY 1987—and they can be expected to continue increasing. This report presents a variety of options for reducing guaranteed student loan defaults and related federal costs. Many of the alternatives are based on previous GAO work and on GAO's general program knowledge or on the suggestions of the guaranty agencies, the Department of Education, and others. The options are organized by the five major groups of program participants—students, schools, lenders, guaranty agencies, and the Department of Education.

Health

Cancer Treatment 1975-85: The Use of Breakthrough Treatments for Seven Types of Cancer

GAO/PEMD-88-12BR, Jan. 25.

A considerable group of patients among those who had the seven cancers GAO examined—20 percent of those with Hodgkin's disease, 25 percent of those with one type of lung cancer, 60 percent of those with rectum cancer, 94 percent of colon cancer patients—did not receive what the National Cancer Institute consider state-of-the-art treatments. And all these treatments have been proven to extend patients' survival

in controlled experiments, many of which were concluded 10 or more years ago. This report contains seven sections, each of which examines the usage patterns for a specific "breakthrough."

**Medicare:
Physician-Sponsored
Organizations Receive
Priority for Peer Review
Contracts**

Acc. No. 134865 (GAO/HRD-88-43), Jan. 21.

Physician-sponsored organizations must be composed of a substantial number of licensed physicians in an area served by Peer Review Organizations who are representative of the practicing physicians in that area. The Health Care Financing Administration gives physician-sponsored organizations priority in the award of PRO contracts. This report assesses whether in fact, as envisaged by law, organizations sponsored by physicians were receiving preference in the award of Medicare contracts for PROs.

**Medicare:
Share of Hospitals'
Inpatient Use and Revenue**

Acc. No. 134841 (GAO/HRD-88-44BR), Jan. 15.

Medicare is an important source of business for hospitals, representing an average 31.5 percent of revenues, 32.3 percent of discharges, and 42.0 percent of inpatient days. It is more important to rural hospitals as a source of payment, and to those rural hospitals with less than 50 beds in particular. As is the case nationwide, Medicare is important to Arizona hospitals in terms of inpatient hospital use and revenues. However, in Arizona, Medicare is slightly more important to urban hospitals than to rural hospitals.

**Food and Drug
Administration:
Insufficient Planning for
Field Laboratory
Consolidation Decisions**

GAO/HRD-88-21, Dec. 4.

In May 1986, the Food and Drug Administration proposed to close five of its field laboratory facilities to reduce the amount of excess capacity in the field laboratory network. FDA did not use adequate criteria to reach its closure decisions and has not demonstrated that the field laboratory network remaining after the closures would be capable of meeting its analytical needs now and in the future. Likely increases in product sample transit and laboratory processing times would lessen FDA's regulatory effectiveness. Moreover, 61 percent of the excess laboratory capacity would remain after FDA's proposed actions are completed. Before any laboratory closings, FDA should develop a long-range

plan detailing present and future analytical needs and various alternatives on how these needs might be met, including costs/savings of the alternatives identified.

**Accounting Systems:
HHS Grant Payment
Operation Has Improved
and Additional Corrective
Actions Are Underway**

GAO/AFMD-88-18, Dec. 30.

The Department of Health and Human Services has several long-standing problems in its grant payment and control operations and has been historically slow in implementing necessary corrective actions. To the extent the problems remain uncorrected at the end of the calendar year, their status should continue to be reported to the Secretary under the Financial Integrity Act. Also, HHS' operating divisions need additional guidance and information on inactive grants.

Income Security

**Social Security:
Observations on
Demonstration Interviews
With Disability Claimants**

GAO/HRD-88-22BR, Dec. 3.

Demonstration projects, mandated by the Social Security Disability Benefits Reform Act of 1984, involve face-to-face interviews for claimants, including applicants at the initial stage in the disability determination process. These interviews take place before a final decision is made and are intended to test whether these early face-to-face interviews result in more accurate evaluations of an applicant's condition and ensure that all relevant information is obtained. Currently, face-to-face interviews do not take place until a decision is made final and unless there is an appeal to an administrative law judge. Any changes to the current system should be carefully considered and should have merits that would justify revising it. These merits should be objectively measured during the evaluation.

**Social Security:
Little Success Achieved in
Rehabilitating Disabled
Beneficiaries**

GAO/HRD-88-11, Dec. 7.

Despite Congress' desire to have as many beneficiaries of Social Security's disability insurance program rehabilitated to productive employment, relatively few have been placed in competitive jobs and removed

from the benefit rolls. Generally, the Social Security Administration disability population is older and more severely disabled than other individuals with whom the rehabilitation agencies work. Failure to rehabilitate more SSA beneficiaries is attributed to the economic disincentives involved. For many beneficiaries, working is not an attractive alternative to retaining their disability benefits and Medicare coverage. Further, many beneficiaries, even if rehabilitated, lack the earning potential to make working an attractive alternative to disability benefits.

**Federal Personnel:
Documentation for Sick
Leave Used by Retiring
GSA Employees Not
Always Available**

Acc. No. 134783 (GAO/GGD-88-29), Jan. 7.

Required medical and approval documentation was not on hand to show whether sick leave was properly authorized for 115 out of 308 General Services Administration employees in a GAO sample of that agency. When documentation was on hand, it generally did meet basic GSA requirements, but GSA internal controls did not ensure that sick leave was supported by the required medical and approval documentation or that appropriate regulations were being followed.

**Data Base Systems:
Observations on Social
Security's Data Base
Integration Program**

Acc. No. 134796 (GAO/IMTEC-88-19), Jan. 11.

The Social Security Administration's data base integration program was initiated to modernize the storage and management of the agency's automated information files. GAO found no analysis supporting the requirements that all data files need to be integrated and immediately accessible. According to SSA documents, these requirements comprise the primary advantage of SSA's strategy. However, a number of prospective data base contractors noted that (1) SSA's strategy would go beyond the current state of the art for data base technology and (2) it would result in a one-of-a-kind architecture. Should the latter happen, it would limit SSA's ability to take advantage of technological advances in standard data base design.

Veterans Affairs

Information Systems: Veterans Administration Information Resources Management Is Improving

Acc. No. 134895 (GAO/IMTEC-88-17), Jan. 27.

The Veterans Administration has pursued in-house development projects that have not been justified on the basis of required cost/benefit analyses and alternative strategies; it has not achieved goals for eliminating duplicate data and increasing data sharing between agency departments; it was proceeding with an agency-wide telecommunications network procurement without an updated assessment of the quantitative and qualitative effects of major ADP system redesigns; and it has not adequately explored opportunities for expanding the centralization of ADP training. VA is now taking corrective actions on its management of information resources.

Administration of Justice

Immigration: The Future Flow of Legal Immigration to the United States

Acc. No. 134784 (GAO/PEMD-88-7), Jan. 8.

GAO projects that annual legal immigration during 1986 to 1990 will probably increase moderately from 546,000 to 606,000. The projection is based on the growth in the number of immigrants who are closely related to U.S. citizens or are immediate relatives and does not indicate an explosive increase in future chain migration. Since GAO's projections of future legal immigration do not include persons who will become legal immigrants under the Immigration Reform and Control Act of 1986, they understate the total number of new legal immigrants. In the sense that they measure legal movement into the country, however, GAO's projections are not affected because persons covered by the act are already living in the United States.

Drug Abuse Prevention: Further Efforts Needed to Identify Programs That Work

GAO/HRD-88-26, Dec. 4.

Evaluations of the effectiveness of drug abuse prevention and education programs and activities by public and private organizations have been limited; considerable uncertainty exists about what works to prevent

drug abuse. The Anti-Drug Abuse Act of 1986 added requirements for a national study of the nature and effectiveness of programs at the federal, state, and local levels as well as for collection and dissemination of information on curricula and school-based programs. Information obtained from these studies should help the states in determining how best to use future funds. The Department of Education expects to begin monitoring funding use in FY 1988 but neither the Department nor the states have the authority to make program success a condition for continued funding.

**Drug Control:
U.S.-Mexico Opium Poppy
and Marijuana Aerial
Eradication Program**

Acc. No. 134807 (GAO/NSIAD-88-73), Jan. 11.

The United States and Mexico have supported aerial eradication of opium poppy and marijuana with a bilateral cost of more than \$118 million during 1984-87. It is clear that simply maintaining the program at current levels will not eliminate Mexico as a major source of heroin and marijuana. Furthermore, it is likely that the gap between cultivation and eradication will widen unless the program is improved. Currently, however, management inefficiencies prevent the air fleet from operating at full capacity, thereby limiting eradication. Other program deficiencies exist, including unreliable information on the narcotics crop cultivation base in Mexico, absence of mutually acceptable program goals and performance standards, and incomplete procedures for validating and evaluating activities and results.

General Government

**Budget Issues:
Overview of State and
Federal Debt**

Acc. No. 134894 (GAO/AFMD-88-11BR), Jan. 27.

The average annual growth rate of federal debt surpassed the growth rate of state full faith debt during FY 1976-80 and surpassed the growth rate of total state debt during 1981 to 1985. No one measure provides an adequate overview of state and federal debt and an analysis of the 50 individual states provides a different perspective than the aggregate data. Most states have constitutional or statutory provisions to control the uses and levels of full faith debt. State nonguaranteed debt grew faster than state full faith debt and federal debt. Comparisons of state and federal debt are limited by the different roles and institutional procedures at the two levels.

**Tax Administration:
IRS Can Improve on the
Success of Its Problem
Resolution Program**

GAO/GGD-88-12, Dec. 22.

The Internal Revenue Service established the Problem Resolution Program because of congressional concern over whether IRS, in enforcing the nation's tax laws, can objectively serve taxpayers when disputes arise over these laws. The program has been successful in achieving its taxpayer assistance objectives and helping to improve IRS' image. However, IRS, by its own criteria, has not satisfactorily served all taxpayers needing special assistance. Its employees were not obtaining enough information to identify problem inquiries. Current attempts by IRS to obtain taxpayer feedback and evaluate common causes of taxpayer problems are providing biased, incomplete and inaccurate information.

**ADP Internal Controls:
Actions to Correct System
Weaknesses for Federal
Employees' Compensation**

GAO/IMTEC-88-9, Dec. 22.

The Employment Standards Administration has made progress in correcting reported material ADP weaknesses in the areas of administrative controls over claims, security, accounting, billings, and debt collection. However, additional actions are needed in determining the feasibility of expanding the automated medical fee schedule and completing a replacement computerized system, before some of these weaknesses are fully corrected. This report identifies ways to strengthen the process for identifying and correcting material ADP weaknesses in the Federal Employees' Compensation Act systems which are used to compensate federal employees or their dependents when the employees are injured or killed on the job, or contract a work-related occupational disease.

**GSA Regional
Reorganization:
Public Buildings Service
Consolidation Followed
Reasonable Process**

Acc. No. 134775 (GAO/GGD-88-21), Jan. 6.

The General Services Administration transferred certain Public Buildings Service functions from the Denver, Colorado, regional office to the Fort Worth, Texas, regional office. The decision to consolidate the functions was based on the assumption that some PBS staffing reductions in overhead staff and in budget were inevitable. Within that context, GAO considered GSA's decision-making process reasonable because it (1) stemmed from predetermined objectives, (2) included an analysis of management studies and analyses of workload and financial data for all regions, and (3) involved the participation of senior Denver office staff.

**DC Government:
Comments on Suggested
Revisions to Proposed
District of Columbia
Procurement Regulations**

GAO/GGD-88-26BR, Dec. 4.

This report compares suggested changes in the District of Columbia regulations to implement its Procurement Practices Act of 1985 with the proposed regulations to determine whether the suggestions were included in the latter. GAO found that some of the suggested changes were already covered in the proposed regulations. However, others were not and including these suggested changes in the regulations might improve them, although compliance was found to be a problem in the past, and issuing stronger regulations does not, in itself, guarantee improved procurement.

**Impoundments:
Comments on Proposed
Deferrals of FY 1988
Energy and Justice
Department Funds**

GAO/OGC-88-2, Dec. 17.

The President's second special message for FY 1988 reports new deferrals for the Departments of Energy and Justice in the amounts of \$774,000 and \$85,000,000 respectively.

**Financial Audit:
House Office of the
Sergeant at Arms—
Periods Ended 6-30-87
And 12-31-86**

Acc. No. 134782 (GAO/AFMD-88-6), Jan. 8.

The Sergeant at Arms disburses funds appropriated for (1) salaries of Members and related administrative expenses, (2) mileage of Members to and from each session of the Congress, and (3) payments to widows, widowers, or heirs of deceased Members. It also operates a deposit and checking function for the Members and is accountable for Members' funds on deposit in the "bank." Total assets as of June 1987 were \$12,281,295. Total assets as of December 1986 were \$33,669,871.

**Financial Audit:
House Stationery
Revolving Fund
Statements—June 30,
1987 and 1986.**

Acc. No. 134864 (GAO/AFMD-88-9), Jan. 21.

The House Stationery Revolving Fund is administered by the Office Supply Service which furnishes House Members, committees, department, and officers with stationery and supplies. The Fund's net income for 1987 was \$189,873; for 1986 it was \$187,989.

Congressional Testimony by GAO Officials

Contracting Out For Commercial Activities, as Outlined by OMB Circular A-76, by Gene L. Dodaro, General Government Division, before the President's Commission on Privatization, Jan. 7. GAO/T-GGD-88-7. Acc. No. 134877.

Implementation of Programs Under Titles III and IV of the Stewart B. McKinney Homeless Assistance Act, by John H. Luke, Resources, Community, and Economic Development Division, before the Subcommittee on Housing and Community Development, House Committee on Banking, Finance, and Urban Affairs. Jan. 26. GAO/T-RCED-88-16. Acc. No. 134881.

Preliminary Observations on the Market Crash of October 1987, by Charles A. Bowsher, Comptroller General of the United States, before the Subcommittee on Telecommunications and Finance, House Committee on Energy and Commerce, Jan. 26. GAO/T-OCG-88-1. Acc. No. 134880.

Proposed Sale of the Naval Petroleum Reserves, by Flora H. Milans, Resources, Community, and Economic Development Division, before the President's Commission on Privatization, Jan. 29. GAO/T-RCED-88-17.

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NATIONAL DEFENSE

- Civil Defense:
FEMA's Management Controls
Need Strengthening
Acc. No. 134765 (GAO/
NSIAD-88-52), Dec. 31.
- Strategic Forces:
Justification for the Short Range
Attack Missile II
GAO/NSIAD-88-81BR, Dec. 31.
- Strategic Forces:
Procurement Practices at North-
rop's Advanced Systems Divi-
sion
GAO/NSIAD-88-68BR, Dec. 21.
- Contract Pricing:
Overpricing B-1 Engine Fan
Blade Subcontract
GAO/NSIAD-88-100, Jan. 28.
- Navy Contracting:
Status of Plans to Second
Source AEGIS Weapon System
GAO/NSIAD-88-62FS, Dec. 21.
- Navy Supply:
Economic Order Quantity and
Item Essentiality Need More
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Acc. No. 134777 (GAO/
NSIAD-88-64), Jan. 6.
- DOD Inventory Management:
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Acc. No. 134814 (GAO/
NSIAD-88-75), Jan. 14.
- Inventory Management:
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GAO/NSIAD-88-39, Dec. 24.
- Procurement:
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- ADP Procurement:
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GAO/IMTEC-88-14BR, Dec. 28.

- Army Procurement:
Allegations Regarding Contract
Awards for Water Purification
Equipment
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- Medical ADP Systems:
Composite Health Care System
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- Military Facilities:
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- International Trade Commis-
sion's Agricultural Unfair Trade
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SCIENCE, SPACE, AND TECHNOLOGY

- Nuclear Science:
Challenges Facing Space Reactor
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GAO/RCED-88-23, Dec. 2.
- Biotechnology:
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- Public Utilities:
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- Superfund:
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- Superfund:
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Acc. No. 134843 (GAO/
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- Environmental Funding:
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- Air Pollution:
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GAO/RCED-88-32, Dec. 7.
- Air Pollution:
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COMMERCE AND HOUSING CREDIT

- Financial Markets:
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- Medicare:
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Financial Audit:
House Office of the Sergeant at
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Acc. No. 134782 (GAO/
AFMD-88-6), Jan. 8.

Financial Audit:
House Stationery Revolving Fund
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1986.
Acc. No. 134864 (GAO/
AFMD-88-9), Jan. 21.

CONGRESSIONAL TESTIMONY BY GAO OFFICIALS

Contracting Out For Commer-
cial Activities, as Outlined by OMB
Circular A-76, Jan. 7.
GAO/T-GGD-88-7. Acc. No.
134877.

Implementation of Programs
Under Titles III and IV of the Stew-
art B. McKinney Homeless Assis-
tance Act, Jan. 26. GAO/T-
RCED-88-16.
Acc. No. 134881.

Preliminary Observations on the
Market Crash of October 1987,
Jan. 26.
GAO/T-OCG-88-1. Acc. No.
134880.

Proposed Sale of the Naval
Petroleum Reserves, Jan. 29.
GAO/T-RCED-88-17.

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