

GAO: REPORTING THE FACTS, 1981-1996
The Charles A. Bowsher Years



Maarja Krusten, GAO Historian

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1. PREFACE: GAO Sounds the Alarm on a Major Financial Crisis

“Victim of S&L Loss Kills Self,” a headline informed readers of the *Los Angeles Times* on November 29, 1990. Anthony Elliott, a retired 89-year old former accountant, reportedly saw no way out after he lost \$200,000 in the collapse of Lincoln Savings and Loan. His life savings gone, he committed suicide in his home. Other newspapers picked up the story and Dan Rather reported it on the *CBS Evening News*.

Elliott’s was one of several stories about suicides and personal hardship reported in the press during the savings and loan (S&L) crisis that unfolded in the United States during the late 1980s and early 1990s. In 1985, the Associated Press described families in Maryland which were plunged into “instant poverty,” unable to access frozen deposits in failed thrifts. When Lincoln Savings and Loan failed in California, newspapers reported stories of depositors who thought they were buying safe certificates of deposit but ended up losing money.

Ellen Hume, executive director of Harvard University’s Joan Shorenstein Barone Center on the Press, Politics and Public Policy, studied the way journalists covered the collapse of the thrifts. She observed in 1990 that while,

the trade press, including the *National Thrift News* ... reported important developments in the scandal years ago, it was all too complicated and boring to interest many mainstream journalists. Regulatory changes such as the accounting tricks and reduced capital requirements that helped paper over the first phase of the savings and loan crisis in the early 1980s weren’t big news.

According to Hume, the story attracted the most attention after it became a “people story” rather than a “numbers story.”¹

But one federal agency, the U.S. General Accounting Office² (GAO), understood and reported the numbers story. Auditors at GAO, the investigative arm of the U.S. Congress, examined a number of issues related to financial institutions during the 1980s and 1990s. In 1983, GAO provided the Senate and House banking committees with a detailed overview of the effect of regulatory changes at financial institutions.

GAO’s head at that time, Comptroller General Charles A. Bowsher, pointed to the lack of centrally available data. He also cautioned, “It is possible that the most basic protection offered bank customers, deposit insurance, could be undermined by changing the risks assumed by depository institutions.”

Bowsher noted, “While much has changed in the industry since the 1930s, the original policy reasons for creating regulatory restrictions must not be overlooked even as market pressures build for legislative action. Expanding lines-of-business create additional risks.”³

The Comptroller General used blunt language, noting that the 1980s was a period when people “kidded themselves” about the severity of the problems in the financial services industry.⁴ He pointed out that the GAO was ready to “ring the alarm bell” on problems with thrifts and the banking industry.

¹“Why Did the Media Miss the Savings and Loan Scandal?,” Ellen Hume, editorial, *St. Petersburg Times*, May 26, 1990.

²The General Accounting Office began operations in 1921 with the passage of the Budget and Accounting Act. Since 2004, GAO has been known as the Government Accountability Office. As this narrative, published in December 2017, deals with the period from 1981 to 1996, it refers to the agency by its previous name, the General Accounting Office.

³Statement of Charles A. Bowsher, Comptroller General of The United States, before the Senate Committee on Banking, Housing And Urban Affairs on Changes in the Financial Services Industry and Their Impact on Federal Regulation, June 16, 1983.

⁴Speech, Charles A. Bowsher, “Lessons from History: Sound Financial Reporting Makes a Difference,” July 17, 1989, copy in GAO History Program Archives.

The problems in the savings and loan industry began when interest rates hit double digits in the late 1970s and early 1980s, climbing 6 percentage points between 1979 and 1980. Until 1980, when Congress lifted restrictions, thrifts had faced ceilings on interest rates. Because they borrowed short and lent long, the thrifts found their investments stagnating as interest rates rose during the late 1970s. These savings and loans earned less interest on their long-term mortgages than they paid out on deposits.

Thrifts, which previously had been limited to providing home mortgage loans, began competing with banks in offering depositor services after restrictions were eased in 1980 and 1982. The profitability of some of the activities depended on continued inflation in real estate values. GAO found that, “in many cases, diversification was accompanied by inadequate internal controls and noncompliance with laws and regulations, thus further increasing the risk of these activities.”⁵

The Federal Savings and Loan Insurance Corporation (FSLIC), which covered losses in depositors’ accounts in the thrifts, began incurring losses in 1984. At the end of 1987, 505 savings and loan institutions were insolvent. FSLIC collapsed under the weight of payouts.

In January 1987, GAO declared that the FSLIC’s fund was insolvent by \$3.8 billion. Congress responded by establishing the Financing Corporation (FICO) to finance FSLIC by issuing bonds. FICO provided \$7.5 billion in financing to FSLIC between 1987 and 1989 but additional funds were needed.

Thrifts faced increasing challenges in the 1980s, as economic problems hit the oil industry in Texas and a condominium boom went bust in New England in 1988.⁶ In 1987, a GAO official

⁵ *Financial Audit: Resolution Trust Corporation’s 1995 and 1994 Financial Statements*, GAO/ AIMD-96-123, July 1996.

⁶ “New England Condo-Bust Slows Surge in Thrifts,” *Christian Science Monitor*, December 19, 1988.

testified about the problem of asset degradation, using Empire Savings and Loan as an example. This thrift's assets grew from \$12 million to \$315 million between January 1982 and December 1983. Empire had 317 outstanding construction loans and 658 condominium loans when the Federal Home Loan Bank Board (FHLBB) closed it in March 1984.

The government projected \$142 million in losses from this single savings and loan institution's failure. GAO noted that the FHLBB allowed insolvent, or nearly insolvent, thrifts to continue to operate. Delaying regulatory action could have led to increasing the costs of resolution, according to GAO.⁷

During this time, GAO officials testified on proposed reform legislation, recommending quick resolution of problems with insolvent institutions, administratively merging or reorganizing insurance corporations, separating the insurance funds of healthy and unstable institutions, and establishing a special board for oversight of the spending of federal funds.

In 1989, Congress passed the Financial Institutions Reform Recovery and Enforcement Act (FIRREA), which abolished the FSLIC and transferred its insurance functions to the Federal Deposit Insurance Corporation (FDIC). FIRREA created the Resolution Trust Corporation (RTC) within FDIC to resolve issues related to the failed thrifts. The RTC operated from 1989 through the end of 1995. It closed 747 institutions, which held \$402 billion in assets in book value as they entered conservatorship.

GAO issued a number of reports on RTC issues. In June 1996, GAO stated that the RTC estimated that the total cost for resolving the failed institutions was \$87.9 billion. After the cleanup, FDIC officials estimated that, "as of December 31, 1999, the thrift crisis had cost taxpayers approximately \$124 billion and the

⁷ *The Federal Savings and Loan Insurance Corporation—Financial Condition and Recapitalization Issues*, GAO/T-AFMD-87-4, March 1987.

thrift industry another \$29 billion, for an estimated total loss of approximately \$153 billion.”⁸

Under its broad statutory mandate to investigate the expenditure of federal funds, GAO examined what went wrong with the S&Ls. The thrifts used two sets of standards, the Generally Accepted Accounting Principles (GAAP) and the more liberal Regulatory Accounting Principles (RAP). Bowsher summed up the problem neatly: “as things got tougher, the RAP got easier.” Oversight did not keep pace with the broader powers given the S&Ls under deregulation. The FHLBB failed to invest enough in skilled staff or to improve regulatory systems sufficiently to keep a close eye on the thrifts.

In 1985, GAO issued a qualified opinion on FSLIC’s 1984 financial statements, disclosing that the S&L industry was experiencing difficulties. The opinion stated that many thrifts were thinly capitalized and had narrow interest rate margins. GAO also noted the poor quality of many of the investments. GAO’s report, *Thrift Industry Restructuring and the Net Worth Certificate Program* (GAO/GGD-85-79), established a baseline for the condition of the savings and loan industry.

In 1986, Bowsher sent a letter to the Chairman of the House Banking Committee, advising him of the need for prompt action on the FSLIC’s growing problems. He also cautioned that a proposed recapitalization might not be adequate.

GAO examined forbearance, which was the practice of giving troubled thrifts time to resolve issues rather than closing them. This was done through providing capital and exempting some thrifts from minimum capital requirements. GAO found in 1987 that

⁸Memorandum, “Robert W. Gramling, Director, AIMD/CAS to Comptroller General,” April 3, 1996; “The Cost of the Savings and Loan Crisis: Truth and Consequences,” Timothy Curry and Lynn Shibut, *FDIC Banking Review*, December 2000, www.fdic.gov/bank/analytical/banking/2000dec/brv13n2_2.pdf. See also *Inspectors General: Mandated Studies to Review Costly Bank and Thrift Failures*, GAO/GGD-97-4, 1996; and *Financial Audit: Resolution Trust Corporation’s 1995 and 1994 Financial Statements*, GAO/AIMD-96-123, 1996.

forbearance helped some thrifts but did not lead to restoration of many other savings and loan institutions.⁹

In August 1987, Congress provided \$10.8 billion in FSLIC recapitalization. GAO warned again of the effect of delays in acting. It stated in 1988 that, “the longer hopelessly sick savings institutions are allowed to operate, the higher the potential resolution cost to taxpayers becomes.”¹⁰

In 1987, Bowsher met with M. Danny Wall to get acquainted with the new chairman of the FHLBB. Wall pointed to what he perceived to be accountants’ “limited” perception of the world. He claimed that recapitalization had changed the picture and that the thrift industry’s problems could be resolved at little cost.

Wall again criticized GAO in 1988 in another meeting with Bowsher, charging that GAO was unduly pessimistic and had a “mortician’s” outlook toward the FSLIC. Bowsher stuck to his guns and challenged Wall to have an independent reviewer look at GAO’s workpapers on loss allowances. An examination of the workpapers by Ronald Morphew, chairman of the Indianapolis Federal Home Loan Bank, concluded that there was ample support for GAO’s findings. Later in 1988, Wall and other officials accepted GAO’s adjustments to allowances for unresolved thrift cases. Wall left his post in 1989.¹¹

Bowsher said of GAO, “The [savings and loan] industry’s credibility had been totally torn apart, because they kept saying there was no problem. When everybody finally figured out there was a problem, we were the one who was in demand.”

⁹ *Thrift Industry: Forbearance for Troubled Institutions, 1982-1986*, GAO/GGD-87-78BR, May 1987.

¹⁰ *The Federal Savings and Loan Insurance Corporation’s Use of Notes and Assistance Guarantees*, GAO/T-AFMD-88-17, September 1988.

¹¹ FSLIC/S&L: GAO Chronology, Charles A. Bowsher Collection, GAO History Program Archives, Box 79.

GAO's reports resulted from work done by two units, its Accounting and Financial Management Division and its General Government Division. In looking back at GAO's body of work on the savings and loan crisis, Bowsher concluded, "I think the work we did there, that to me is the high point of my 15 years at GAO. If I had to choose the one GAO program area that I'm most proud of, it's the work we did on the S&L and the banking crises."¹²

¹² GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 10, 1996, 25-29.

2. Setting the Scene

Writing in *American Banker*, industry expert Karen D. Shaw noted that, by the 1980s, lawmakers increasingly turned to GAO, “which had accurately warned of the impending S&L crisis,” rather than to bank regulatory agencies.¹³ Bowsher had taken charge of GAO in 1981 with a strong background in financial management and an interest in strengthening GAO’s ability to assist the Congress. When the savings and loan crisis hit during the 1980s, GAO was prepared to act.

In announcing his nomination of Bowsher for Comptroller General in July 1981, President Ronald Reagan said to the nominee, “I hope you never lose that sense of indignation every citizen feels over waste and fraud in government.”¹⁴ The President’s words pointed to the mission of the agency that Bowsher would soon head—reviewing government operations and reporting on inefficiencies, waste, and fraud.

GAO has focused on improving government operations since it began operations in 1921. The Budget and Accounting Act (42 Stat. 20) established GAO as an agency independent of the executive branch of the federal government. Congress wanted to improve federal financial management after World War I. Wartime spending had increased the national debt and legislators saw that they needed better information and control over expenditures.

The statute transferred to GAO auditing, accounting, and claims functions previously carried out by the Department of the Treasury. It gave GAO a broad mandate to investigate how federal funds are spent. Later legislation clarified or expanded GAO’s powers, but the Budget and Accounting Act continues to serve as the basis for its activities.

¹³ “General Accounting Office Isn’t Perfect, But It Doesn’t Deserve All that Flak,” Karen D. Shaw, *American Banker*, May 17, 1993.

¹⁴ *Washington Post*, July 10, 1981.

GAO's evolution from 1921 to 1981

Since its start, GAO has demonstrated an ability to adapt to changing congressional needs and national priorities. During the term of the first Comptroller General, John R. McCarl (1921-1936), GAO took a control-oriented view of its charter. It focused on whether government spending had been handled legally and properly. Much of the agency's work centered on reviewing vouchers, which were forms used by executive branch administrative officials and disbursing officers to record information on spending.

GAO's other activities included receiving copies of cancelled government checks, which it reconciled against the depository accounts of fiscal agents, as well as issuing decisions on payment questions, helping to process financial claims for and against the government, and prescribing accounting forms and systems. This early period of GAO's history is often called the voucher checking era.

If GAO's present-day employees could go back in time to the 1920s, they would find a very different work environment. During McCarl's tenure, bells rang to signal starting and quitting times and the lunch period. According to a 1925 bulletin, the workday began at 9:00 a.m. and ended at 4:30 p.m., with time for a mid-day meal from 12:30 p.m. to 1:00 p.m.

The bulletin stated that "clerks and employees will not be permitted to visit each other or to receive visits during office hours, except on official business, and then only with the knowledge and concurrence of their immediate official superiors. Frequenting or loitering in the corridors of the buildings will not be permitted." The bulletin warned that the Comptroller General would take "suitable action" if he learned of employees leaving before 12:30 p.m. or 4:30 p.m.

McCarl relaxed some rules later in his tenure. In 1927, he wrote in GAO's annual report that "enthusiasm has been the keynote of service in the General Accounting Office. The personnel of the office has during the year been alert, capable, and industrious." McCarl added that the improvement in morale was due "to a lessening of control by restrictive regulations, and a broadening of individual trust and responsibility."

As McCarl's statutory 15-year term expired in 1936, editorial columnists pointed to his accomplishments. "Among the welter of Washington's yes-men, he was a forthright, solitary and heartening no-man," commented the *St. Louis Post-Dispatch*. The *Hartford Courant* noted that "McCarl was neither negligent, careless nor open to 'suggestion.' He made his rulings without fear or favor." When he left office, McCarl sent a letter to GAO's employees in which he thanked them for their efforts and urged them to keep fighting for "honesty in government."

As government programs expanded during the 1930s and 1940s, GAO's audit clerks had to examine an increasing number of expenditure vouchers. After a long hiatus, during which Assistant Comptroller General Richard Elliot served as acting agency head, Fred Brown became the second Comptroller General in 1939. He served only a year before resigning for health reasons.

The third Comptroller General, Lindsay C. Warren (1940-1954), faced challenges early in his term as the U.S. entry into World War II increased the amount of paperwork that GAO's employees had to process. The agency continued to do the same type of work it had done before the war but in increasing volume.

Defense production soared after 1941 as the nation's factories geared up to meet the demands of war. Government offices expanded, churning out mountains of expenditure forms for GAO to examine. As men left civilian life for military service, large numbers of women entered the work force, taking jobs on industrial assembly lines and in offices. By 1945, women made up nearly 63 percent of GAO's employees.

GAO's wartime experiences spelled the end of the voucher checking era. The war also highlighted a number of accountability issues. During the 1940s, Comptroller General Warren repeatedly pointed to the lack of accountability of government corporations and to problems with contract fraud. He commented on questionable practices, noting, "During the . . . war some of the instances of low moral standards in Government were shocking. We reported many of these instances. The attitude then was 'So what? We're in war.' It was terribly discouraging for us in the General Accounting Office."

Warren expressed strong feelings about fraud and corruption, stating that "the overwhelming majority of Government people are honest, capable and conscientious, especially the old-line career employees. A few rotten apples may not contaminate the whole barrel, but they certainly make it smell. I believe that an official moral code could help stop the spoilers from operating."

Warren concluded that his agency could best serve the nation by changing the way it worked. After the war, the Comptroller General sought to make better use of GAO's resources and to increase its effectiveness. To do this, he began moving the agency away from voucher auditing.

In the late 1940s, GAO began auditing government corporations, performing "comprehensive audits," and working with executive agencies to improve their accounting systems. The agency's shift to examining the economy and efficiency of government operations in the postwar era marked the first major evolutionary change for GAO.

In 1954, Joseph Campbell succeeded Warren as Comptroller General (1954-1965). The first accountant to head GAO, Campbell further developed the concept of comprehensive auditing and expanded the recruiting program begun by Warren. He worked to hire more accountants and to raise the professional level of GAO's staff. The effort paid off—by 1965, over half the agency's employees were college graduates.

At Campbell's direction, GAO undertook an extensive internal training program for its employees. GAO hired Leo Herbert, a Certified Public Accountant and former professor of accounting, to serve as director of staff management. Responding to a mandate that he professionalize GAO's staff, Dr. Herbert directed GAO's training activities between 1956 and 1974. He taught newly hired accountants a conceptual framework of "planning, doing, and reviewing," which he linked to "criteria, cause, and effect."

Under Campbell, GAO's work reflected changing national needs. GAO looked at issues such as the financial management of foreign and military assistance programs, the procurement and use of automated data processing equipment, and projects at the National Aeronautics and Space Administration. In emphasizing economy and efficiency audits, Campbell focused heavily on defense contracts.

As the United States committed military forces to fight in South Vietnam in the 1960s, GAO kept a close eye on defense expenditures. In 1963, a newspaper article noted, "The current joke around Washington is that Defense Secretary Robert McNamara fears Joe Campbell more than he does [Soviet Premier] Nikita Khrushchev."

In February 1966, President Lyndon B. Johnson nominated Elmer B. Staats to succeed Campbell. Staats served the full 15-year term until March 1981. A former Deputy Director of the Bureau of the Budget, Staats drew on his many years of government experience as he led GAO during a period of change and national turmoil.

In reflecting on Staats's tenure, a senior GAO manager referred to him in 1981 as "a pragmatic agent of good government," who viewed GAO's reports as "a way to achieve results rather than simply hitting someone over the head." Staats was a strong advocate of public service and constructive change who worked to improve management throughout the government. Within GAO, he practiced a participatory management style, often relying on task forces to study job processes and organizational issues.

In 1970, the Bureau of the Budget and GAO agreed on the formation of a *Government Auditing Standards* task force, which undertook a lengthy research and drafting process. As a result of the work of the task force, the Comptroller General issued in 1972 the first edition of the *Standards for Audit of Governmental Organizations, Programs, Activities & Functions*, which came to be known as the “Yellow Book.”

In subsequent years, GAO gave the book a more concise title, *Government Auditing Standards*, and updated its guidance periodically. In addition to issuing guidance to help state and local auditors, the Comptroller General played a key role in establishing intergovernmental audit forums in the 1970s.

As domestic spending shot up during 1960s, Congress found it needed more information about how well government programs were meeting their objectives. In 1967, amendments to the Economic Opportunity Act of 1964 directed GAO to examine anti-poverty programs to determine their efficiency and the extent to which they carried out their objectives. GAO submitted a summary report on March 18, 1969, followed later by some 60 supplemental reports.

During its reviews, GAO examined a number of programs aimed at fighting poverty. It found that some showed progress but needed management improvement, others had produced limited success, and still others had achieved less than expected given the amount of money spent on them. GAO concluded that, while the anti-poverty programs had moved ahead in 4 years, their administrative machinery needed substantial improvement.

The reports on the anti-poverty program were generally well received and Congress endorsed GAO’s move into program evaluation in the Legislative Reorganization Act of 1970 (84 Stat. 1167) and the Congressional Budget and Impoundment Control Act of 1974 (88 Stat. 297).

GAO's staff, mostly accountants, began to change to fit the agency's new assignments. In the 1970s, GAO started recruiting physical scientists, social scientists, computer professionals, and experts in such fields as health care, public policy, and information management. In 1980, most of the agency's auditors and management analysts were re-classified as evaluators to reflect GAO's varied work. (As of 2008, GAO's auditors and evaluators have carried the title of analyst.)

During Staats's tenure, GAO relied on new technological tools as well as on employees with diverse academic degrees. In the 1970s and 1980s, the agency increasingly used computers in its audit and administrative operations.¹⁵

Charles A. Bowsher's background, 1931-1981

When Bowsher took charge of GAO at the beginning of October 1981, he brought to the job nearly 30 years of experience in the private and public sectors. Prior to his appointment as head of GAO, he had served as a partner at Arthur Andersen and as an Assistant Secretary of the Navy for Financial Management. At Arthur Andersen, he worked both on engagements involving private sector clients as well as on reviews involving the Departments of the Interior and Treasury, the Federal Reserve, the Government of the District of Columbia, and Amtrak.

Bowsher was born in Elkhart, Indiana on May 30, 1931. He attended the University of Illinois, where he majored in accounting and received his bachelor's degree in 1953. After he graduated, he knew that he was eligible to be drafted into the U.S. Army during a period when the Korean War was winding down. Instead of joining an accounting firm, Bowsher worked at the Chrysler Corporation for a short time before he was drafted into the Army.

¹⁵ Description of GAO's history from 1921 to 1981 derives from an earlier account by author. See Maarja Krusten, GAO Historian, "GAO: Working for Good Government Since 1921," GAO 80th anniversary narrative, <http://www.gao.gov/about/history/goodgov.html>.

While posted to Camp Kilmer in New Jersey, he watched on television a series of hearings held in 1954 on charges that had been raised by Sen. Joseph R. McCarthy (R –WI).¹⁶ Television was still new then as a communications medium. The Army-McCarthy hearings, broadcast “gavel to gavel” from April 22 to June 17, 1954, were among the first Senate hearings to capture the attention of American television viewers.

Gen. Ralph W. Zwicker, who was also at Camp Kilmer, was a player in the Army-McCarthy saga. A historian for the U.S. Senate summarized the matter in a short article in which he stated:

In the spring of 1954, McCarthy picked a fight with the U.S. Army, charging lax security at a top-secret army facility. The army responded that the senator had sought preferential treatment for a recently drafted subcommittee aide. Amidst this controversy, McCarthy temporarily stepped down as chairman for the duration of the three-month nationally televised spectacle known to history as the Army-McCarthy hearings.

The army hired Boston lawyer Joseph Welch to make its case. At a session on June 9, 1954, McCarthy charged that one of Welch’s attorneys had ties to a Communist organization. As an amazed television audience looked on, Welch responded with the immortal lines that ultimately ended McCarthy’s career: ‘Until this moment, Senator, I think I never really gauged your cruelty or your recklessness.’ When McCarthy tried to continue his attack, Welch angrily interrupted, ‘Let us not assassinate this lad further, senator. You have done enough. Have you no sense of decency?’”

Overnight, McCarthy’s immense national popularity evaporated.¹⁷

¹⁶ Unless otherwise noted, the account of Bowsher’s personal and professional life prior to 1981 derives from GAO History Program, unpublished oral history interview, Charles A. Bowsher, December 8, 1995.

¹⁷ June 9, 1954: “Have You No Sense of Decency?,” United States Senate website, Art and History section, available as of September 15, 2008 at http://www.senate.gov/artandhistory/history/minute/Have_you_no_sense_of_decency.htm

Bowsher noted that at Camp Kilmer, he “watched the whole aftermath of the Army-McCarthy hearings knowing one of the principals, General Zwicker, quite well. We were a small camp and for a private to know the general was very unusual, but in this situation it was just because we were in such close proximity to each other. But it also was when I first really developed my interest in government.” He explained that, "I was fascinated by what was happening in this situation. Lots of times at night I would go over to the library at the camp, and read books like Harold Ickes’s diaries and things like that. So I just developed an interest in government really as a result of that Army service.”

Ickes, the Secretary of the Interior during President Franklin D. Roosevelt’s administration, had made available for posthumous publication a detailed look at his governmental experiences. The book, *The Secret Diaries of Harold L. Ickes: The First Thousand Days, 1933-1936*, was published in 1953, a year after Ickes’ death.

After completing his service in the military, Bowsher earned a master’s degree in Business Administration from the University of Chicago in 1956. He then joined the Arthur Andersen public accounting firm, which was headquartered in Chicago rather than New York, home of the other big accounting firms. Early in his career, Bowsher worked for Harvey Kapnick, who would later be one of eight people considered along with him for the position of Comptroller General in 1981:

I remember one time later on when I was being considered for some very senior financial positions in the corporate world that people would say that being in the Chicago office of Arthur Andersen in the ‘50s and the ‘60s was like being with the New York Yankees in baseball. It was really the outstanding office and the most exciting place to be in public accounting in the ‘50s and ‘60s. And if you were a young person and you were willing to work hard and take on responsibility, there was a lot of opportunity there. And so I spent two years on the audit staff working for Harvey Kapnick, who turned out to be one of the future managing partners.

Bowsher initially worked on audit engagements, then turned to the consulting side of Arthur Andersen. He traveled extensively in the United States, working with clients and learning first-hand about some of the issues behind the news headlines. In 1964, three civil rights workers, James Chaney, Andrew Goodman, and Michael Schwerner were murdered in Philadelphia, Mississippi. Bowsher remembered,

When I was in Meridian, Mississippi it was during the period of the great civil rights strife. You may remember that very unfortunate situation, where those three young men were killed in Philadelphia, Mississippi. Well, the night shift of the company I was doing work with came down from Philadelphia every night in their trucks. And so, I was right there in the heart of the Mississippi racial strife at that point in time. I always felt that I not only got a great business education and accounting education during those 11 years, but I saw a lot of the United States.

Arthur Andersen first started doing international work in the 1960s and Bowsher even had an opportunity to work in Brussels. After 11 years with the firm, he made partner in 1967. A few months later, Eugene (Gene) Becker asked if he was interested in a position with the federal government. The Department of Defense (DOD) was seeking candidates for the position of Assistant Secretary of the Navy for Financial Management. Becker, a longtime friend of Bowsher's, was then serving as Assistant Secretary of the Army for Financial Management.

Bowsher initially said no, he had just made partner. But he soon accepted an invitation for an interview with the Secretary of the Navy, Paul Ignatius. According to Bowsher, the interview went very well. Within days, the Secretary of Defense, Robert S. McNamara, approved sending the nomination forward. Shortly after that, McNamara announced that he was resigning as Secretary of Defense in November 1967.

Bowsher took the Assistant Secretary job despite having just made partner at Andersen. “I’d read enough history to believe that if you came into high government office and did well, the chances were you’d have opportunity. And the senior partners of Andersen couldn’t have been better; they said whenever you’re finished we’d be certainly happy to see you come back to the firm, so I didn’t think I was taking a lot of risk. Other people thought I was, but I didn’t think so.”

Bowsher answered a number of questions about accounting systems during his confirmation hearing. But he recalled later that the headline out of the hearing turned out to be, “Draftee Gets High Pentagon Post.” Sen. Richard Russell (D–Georgia) asked Bowsher why he had been drafted during the Korean War rather than volunteering for military service. Bowsher answered that he had tried to volunteer in the 1950s but could not pass the eye exam. He even told Russell that he tried memorizing the eye chart in an effort to pass. “Senator Russell slammed his hand down on the table and said ‘That’s good enough for me, I have no more questions.’”

Bowsher served as Assistant Secretary from 1967 to 1971 under a Democratic President (Lyndon B. Johnson) and a Republican President (Richard M. Nixon). After Nixon won the election in 1968, Bowsher thought that he would be leaving, along with other Johnson appointees. However, the new Secretary of Defense, Melvin Laird, and his Secretary of the Navy, John Chafee, asked him to stay on. In a move Bowsher later pointed to as unusual, Laird kept on seven other Johnson appointees, many of them members of the financial team.

Bowsher believes he and the others were kept on because “Laird was a budget expert and he wanted to put the cap on the Vietnam War and to eventually get us out. There is no question in my mind that Laird had made up his mind what to do about the war, and so he wanted an experienced financial team. I think that’s really why I was kept on, it wasn’t just an individual issue.”

Bowsher worked on the shipbuilding program, procurement cost overruns, the implementation of the Selective Acquisitions Report system, and a range of issues related to financial management and spending. He found that, “the Navy team worked very well together, and we made a lot of what I think were the right decisions to get rid of some of the old Navy and buy the new Navy. That’s literally what we did in that four year period.”

He was also involved in discussions at the Department of the Treasury and at the Nixon White House over a potential bailout of Penn Central (formerly the Pennsylvania Railroad, now a part of Amtrak). He later recounted how he “became the Defense point man on the Penn Central because only the Navy had the authority to guarantee what we thought was a huge sum of money, \$200 million. The question was, could we justify the guarantee. The only basis for justifying it according to the legislation on the books was that the railroad was essential for wartime defense needs.”

Bowsher remembers attending a meeting at the office of the Secretary of the Treasury at which Arthur Burns, chairman of the Federal Reserve Board, outlined his concerns about the bailout. “I listened throughout the meeting. I’ll always remember asking only one question and that is, when could I see the material that his accountants and economists had worked up.” Ultimately, the government decided against a bailout and Penn Central went into bankruptcy.

Bowsher found it a great education. “That was one of the more exciting weeks of my life—the wreck of the Penn Central--because I hadn’t played in that kind of league in the government. I had been assistant secretary of the navy--that is a big league--but I hadn’t been playing at the chairman of the federal reserve and the Secretary of the Treasury and the White House level at all, and so that was a great education. Because later on I would be involved in most of the big fiscal crises in my other capacities, and I literally was there at the beginning of one.”

Bowsher left the Department of the Navy 2 years into the Nixon Administration in 1971. He returned to Arthur Andersen, where he served until 1981 as head of its newly established government practice in Washington. Bowsher noted, “I had offers to come back to government all through [those] ten years. I was offered the comptrollership of Defense, the under secretary of the Navy position and the administrator of General Services position.”

The end of Elmer B. Staats’s 15-year statutory tenure as Comptroller General on March 3, 1981 saw the first use of a new procedure for naming the head of the GAO. From the establishment of the GAO in 1921 through Staats’s selection in 1966, Presidents appointed Comptrollers General with the advice and consent of the Senate. The GAO Act of 1980 contained a provision for input from the legislative branch on the nominee prior to his selection.

The law called for a bipartisan congressional commission to submit at list with a minimum of three names for the President to consider. In 1981, the commission sent forward 8 names to President Ronald Reagan: Charles A. Bowsher, James F. Antonio, Harvey Kapnick, Marshall T. Mays, John R. Petty, Frank S. Sato, John M. Thomas, and Charles J. Zwick.

Bowsher emerged as an early favorite. On March 3, the day that Staats’s term ended, the American Institute of Certified Public Accountants (AICPA) issued an endorsement of Bowsher for the position of Comptroller General. Six months earlier, AICPA officials had begun efforts to identify candidates and to settle on one to endorse as soon as the job was vacant.¹⁸

Bowsher was well known to members of the AICPA. During the 1970s, while he was a partner at Arthur Andersen, he served as

¹⁸ Internal AICPA memorandum, “Appointment of the Next Comptroller General of the United States,” September 4, 1980; AICPA, Federal Legislative Action Alert, March 3, 1981, “Formal Endorsement of CPA for Comptroller General of the United States,” in “Bowsher Campaign,” compilation of documents received from Theodore C. Barreaux, former Vice President, AICPA, donated to GAO History Program by Mr. Barreaux, 1999.

the chair of the AICPA's Government Relations Committee. In recounting how he came to be nominated, Bowsher noted that he had the support of many people in the financial management community, as well as former government officials such as Melvin R. Laird, former Secretary of Defense.¹⁹

Not only did Bowsher have public and private sector experience, he and his firm had done work for both political parties. Arthur Andersen audited the accounts of all the candidates in the presidential primaries in 1976. Andersen also served as the auditor for the campaigns of President Gerald Ford and his Democratic election opponent, Jimmy Carter.

In 2005, Bowsher explained to Donald E. Tidrick, a professor of accountancy, that, "Those were big jobs—we had to show people how to set up their systems to track millions of dollars to comply with applicable laws and to avoid any scandals. As a result, I had a lot of visibility within both houses and I was well trusted by both political parties."

He also recounted how, "In 1980, Arthur Andersen audited the campaigns of the various presidential candidates, except for Ronald Reagan. Then, at the last minute, we were engaged by Bill Casey when the Reagan campaign ran into some accounting difficulties. The Reagan people did not really know me very well, but I had strong support from Mel Laird and many of the Republican congressional leaders, who expressed their support for me to members of the Reagan administration."²⁰

Milton (Milt) J. Socolar, Acting Comptroller General in 1981, said of Reagan's selection of Bowsher, "I think he probably. . . followed the advice of respected Republicans—people such as Laird and Chafee."

¹⁹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, December 8, 1995.

²⁰ Donald E. Tidrick, "The Comptrollers General of the United States and a Conversation with the Surviving CGs," June 2006, Bowsher interview conducted in 2005, 17.

In a ceremony held at the White House in the Rose Garden, President Reagan announced on July 9, 1981 his nomination of Charles A. Bowsher for Comptroller General. *The Washington Post* reported the next day that Reagan declared that naming a new head of GAO was “one of the most important appointments I shall make.” The President believed that “The problem of waste and fraud in government is an unrelenting national scandal.” The *Post* reported his assurance that “We will continue to move methodically but vigorously in this area.” The nomination and confirmation process went smoothly and quickly, although there were some paperwork delays.²¹



Source: GAO.

President Reagan announces the nomination of Mr. Bowsher for Comptroller General.

In the pre-nomination questionnaire that he submitted to the Senate, Bowsher answered questions on a wide range of issues. These included the timeliness of GAO’s work, its responsiveness

²¹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 23, 2011.

to congressional needs for information, and the potential effects on federal spending in a period of fiscal restraint.

Bowsher's answers show that he recognized early some of the central issues on which he and GAO would work during his tenure. On one, he responded that,

The time it takes to do a job is secondary compared to delivery of information on time for decisionmaking. It often takes time to do high quality work that involves gathering and analyzing extensive empirical data. Such efforts have to be well planned so they are completed on time for the decisionmakers. I intend to examine closely how GAO carries out its work to see if there are actions that could be taken to streamline the policies and procedures of the GAO so that its work can be most responsive to the needs of the Congress.

The Senate confirmed Bowsher's nomination unanimously on September 29, 1981, and he took the oath of office on October 6, 1981.



Source: GAO.

Vice President Bush swearing in Mr. Bowsher as the Comptroller General, with his wife Mary Bowsher in attendance.



Source: GAO.

Comptroller General Bowsher and former Comptroller General Staats sign published copies of GAO's 1987 oral history interview with Mr. Staats.

3. Bowsher's Early Assessments of GAO's Organization and Operations

Each of GAO's Comptrollers General brought different academic and professional experiences to the job. The first three Comptrollers General were lawyers, one of whom (Lindsay Warren) had served in the Congress. Joseph Campbell was the first Certified Public Accountant (CPA) to head GAO. Elmer Staats's academic training was as an economist, and prior to coming to GAO, he had a lengthy stint as a deputy director of the Bureau of the Budget. Bowsher brought to GAO a keen interest in improving financial management and government operations. Milton J. (Milt) Socolar, who served as Acting Comptroller General after Staats's term expired, explained that,

When Chuck came in, from day one, he was very much interested in financial auditing, the need for straightforward audited financial statements, and use of resources toward getting better management throughout the federal government. His view has always been that it was important to have each agency of the government subject to a CPA-type audit.²²

Socolar had only expected a short interregnum. Having only been General Counsel for a short time when Staats left office, he explained in an oral history interview that he was not sure he would be named to the Acting position.

My own disposition, at that time, was "Look, this is an interregnum. We don't know where the new Comptroller General is going to be on any major issues. The important thing is to just keep GAO in a holding pattern, rather than initiate any big changes, which in a short period might have to be reversed."

Unfortunately, the interregnum lasted for 7 months, rather than 7 weeks and that was not anticipated. Given the fact that the

²² GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994.

procedure for appointing the new Comptroller General was pretty well set in the law, I don't think anybody expected it to take as long as it did.²³

Later interregnums under the procedures for appointing a Comptroller General would be much longer (1996-1998; 2008-2010).

Unlike most federal departments and agencies, GAO was accustomed to stability at the top. Bowsher was only the 6th official to be named Comptroller General in the 60 years since the Budget and Accounting Act established GAO in 1921. Harry S. Havens, a senior executive and longtime observer of GAO's operations, explained,

All of us were a little nervous about a new comptroller general. I, perhaps, less than some because having spent a number of years in the Budget Bureau and OMB [Office of Management and Budget], was quite accustomed to agency leaders coming and going with a fair degree of frequency. Of those who had grown up in GAO, most had probably only served under two, or—even if they had been here many, many years—perhaps three comptrollers general and many of the staff of the General Accounting Office had never served under anyone but Elmer Staats, of course.

So the prospect of change for the organization was unsettling and particularly the prospect of change back to a comptroller general who was an accountant by training. That left some, at least, a little uncertain as to what this foretold about the prospects for GAO's continued evolution into program evaluation, policy analysis, or even the management auditing that had grown up before Elmer arrived.

So there was a great deal of uncertainty about what sort of direction Chuck would lead the organization in, with some

²³ *Ibid.*

expectations that he might very well lead it back toward a more narrow focus on financial auditing because of his own accounting background.²⁴

Socolar concurred, noting that, “you had lots of people in the organization . . . whose position in the organization was pretty well set who had no way of knowing what a new Comptroller General would do in terms of their assignments.”²⁵



Source: GAO.

Comptroller General Bowsher and former Comptroller General Staats and GAO officials with published copies of 1987 oral history interview with Mr. Staats.

Bowsher looked to expand GAO’s product line and strengthen its operations across the board. He believed that GAO should not just be a reporter of events, but should seek to ensure that its work resulted in more efficient government operations. Under

²⁴ GAO, History Program, unpublished oral history interview, Harry S. Havens, March 30, 1993.

²⁵ GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994.

Elmer Staats's direction, GAO had moved beyond economy and efficiency audits to carrying out program evaluations. As he took charge of GAO in 1981, the new Comptroller General was determined to build on the progress GAO had made during Staats's term, with an emphasis on increased services to the Congress.

Bowsher asked Socolar, who had served as Acting Comptroller General from March through September 1981, to stay on as his deputy. Bowsher explained, "I think it really helps a person coming in from the outside, if he has a deputy who the organization respects and with whom he can have a good working relationship."²⁶ Socolar served as the de facto number two official in the agency from 1981 through the end of 1993. He was not a Senate-confirmed Deputy Comptroller General. Instead, he carried the title Special Assistant to the Comptroller General.

Socolar believed that Bowsher came in to GAO with a vision for the agency and an understanding of the need to build an organizational framework for that vision. The vision centered on using sophisticated analytical capabilities to provide useful information and insights on public issues. Socolar noted that "from the moment he came in, or even before, he had a sense of what he would like the GAO to be."²⁷ At the start of his tenure, Bowsher studied GAO's organization and processes. Before his confirmation hearing, Bowsher read as much as he could about GAO and met with key officials.

After becoming Comptroller General, Bowsher decided that he would not make any major changes for at least a year because it would take at least that long to understand GAO.²⁸ Towards this end, he established several task forces to study GAO's work process and operations.

²⁶ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, January 19, 1996, 49.

²⁷ GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994.

²⁸ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, January 19, 1996, 14-15.

In remarks to a management meeting 1 year into his term, on September 27, 1982, Bowsher explained that in his initial visits to and reviews of GAO offices, he had concluded most people thought the personnel system “was a little too cumbersome and had some other problems.”²⁹ To resolve these issues and improve communications, he created the position of Assistant Comptroller General (ACG) for Human Resources, to which he named Gregory Ahart.

After looking at GAO’s operations, Bowsher also concluded that officials were not working together as much as they could. “There was just not enough of a team work effort or partnership effort as we did our work. Sometimes I saw good cooperation and other times I saw things that worried me quite a bit.” In order to make GAO a more cohesive organization, he created the position of ACG for Planning and Reporting, which was first filled by Henry Eschwege.

At the same time that he sought to improve the planning and execution of GAO’s work, Bowsher also called for more effort in post-issuance reviews of GAO’s products. Two months after the September management meeting, he named Ira Goldstein to head the newly established Office of Quality Assurance (OQA). OQA and the ACG for Planning and Reporting worked to ensure quality in GAO’s issued products.

In order to improve unity of leadership for GAO’s headquarters and regional entities, Bowsher created the position of ACG for Operations in September 1982 and named Frank Fee to fill it. As he explained at the management meeting, this was another effort to bring GAO’s organization together by consolidating responsibilities such as assigning and using staff, assessing organizational issues, and implementing administrative procedures and policies.

²⁹ Quotes from Bowsher’s 9/27/82 remarks are from an “edited transcript,” Remarks of Comptroller General Concerning Organizational Changes, Regional Managers’ Meeting, September 27, 1982, attachment to Memo, “Assistant Comptroller General Francis X. Fee to Division and Office Director, Comptroller General’s Remarks Regarding Organizational Changes,” GAO Archives, Harry S. Havens papers, subject files, folder: Comptroller General – Charles A. Bowsher, Box 6.



Source: GAO.

Comptroller General Bowsher meets with GAO Assistant Comptrollers General.

In the September 1982 meeting, Bowsher said that he wanted to achieve a management structure that had a mirror image throughout the organization. By 1983, each division and regional office had positions which paralleled the ACGs for Planning and Reporting and Operations.

In addition to creating new ACG positions to improve planning and post-issuance review, Bowsher reorganized GAO's divisions and staff offices early in his tenure. In the fall of 1982, he merged the Energy and Minerals Division and Community and Economic Development Division into a Resources, Community, and Economic Development Division (RCED).

At the same time, Bowsher moved the science and technology policy issue area from the Program Analysis Division (PAD) to RCED. A few months later, in August 1983, he transferred

PAD's economic analysis function to a newly created Office of Chief Economist (OCE). Lawrence H. Thompson served as the first Chief Economist. Bowsler moved responsibility for work on the federal budget from PAD to the Accounting and Financial Management Division (AFMD). The dispersion of its functions broke up PAD, which had existed as an office since 1974 and as a division since 1976.



Source: GAO.

Comptroller General Bowsler meets with some of GAO's Senior Executives.

PAD's former chief, Harry Havens, continued to serve Bowsher as an Assistant Comptroller General but without a link to a specific functional unit or division. He worked on a number of special assignments, including some in the budget issue area. Milt Socolar later said he found Havens to have been one of the brightest people ever to work at GAO.³⁰

Staats had sought to bring in people from new disciplines into GAO. Bowsher believed that some of "these people still felt that they were just not quite totally accepted yet. So there was a sense that if I moved all the economists into the divisions, they would have gotten lost, discouraged, and left." Harry Havens encouraged him to keep a separate group of economists within OCE.

Bowsher later reflected that the move "turned out to be very smart" because the group was able to "play the role that the Congress asked" in the Gramm-Rudman deficit reduction process. "I remember Paul Volcker coming over and saying to us one night, 'You're the first organization whose economic forecasts are going to mean something. The rest of us make them, and then move on to next year's forecast.'"³¹

Socolar explained what Bowsher sought to do with GAO's organizational structure and why he believed it was effective.

If you want an organization that would be providing important information and insights on public issues of the kind that GAO is established to deal with, you need lots of background and sophisticated analytical capability. You need a lot of experience. You need very, very capable people who are able to work together.

In order to do that, you can't . . . simply say, "This is the way I want you to work for me." You really have to have an

³⁰ The assessment of Havens derives from an unpublished oral history interview with Milton J. Socolar, which also includes comments by Brian P. Crowley, August 18, 1994.

³¹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, January 19, 1996, 57.

appropriate organizational foundation for it to happen. You also need a realization that you can't get to it all overnight. You have to think of where you want to go and what kind of foundation is necessary to get there.

Each of Chuck's organizational changes was designed for dealing with subject matter under the cognizance of each division. And he dealt in his changes with levels below the division director or assistant comptroller general. He dealt with what was expected of all levels, from division directorate through issue area directors to the evaluators out on the line.

His changes were designed to facilitate the development of a broad range of expertise throughout each division, expertise that ultimately came to reside broadly in the ACGs and specifically in the issue area directors. And he constantly pushed the concept of having GAO people make strong connections with those outside of GAO--professionals, academicians, businessmen and legislators--whose thinking on issues was important for GAO to understand and recognize.³²

This vision extended to mission support and to mission activities. Recognizing the importance of strong communications and insight-based outreach and connections, Bowsher brought in Cleve Corlett to head GAO's public affairs office. Corlett's background as a journalist and as a staffer on Capitol Hill enabled him to navigate communications issues effectively and to serve as a trusted advisor to the Comptroller General and other members of the GAO team.

On the mission side, financial and accounting issues were the purview of the AFMD. The division initially was established by Staats in 1971 as the Financial and General Management Studies Division. Don Scantlebury, AFMD's longtime director, died shortly before Bowsher took office. Between 1981 and 1984, Acting Director Wilbur Campbell headed the division.

³² GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994, 47-48.

Bowsher concluded early on that AFMD was a “weak” division—that is, in his view, it was not up to the standards of modern accounting firms.³³ At the request of the Comptroller General, a task force of outside experts studied the organization and operations of AFMD and confirmed his impression that the division needed strengthening.³⁴ In November 1982, the task force sent the Comptroller General a report in which it noted that, “attempts over the past 30 years to carry out the responsibilities given the Comptroller General and the GAO by the 1950 [Accounting and Auditing] Act have had only limited success.”

The reviewers observed that, “GAO expertise in ADP [Automatic Data Processing] has been slow in development. Standard setting for accounting systems, internal auditing, and internal controls has made reasonable progress in some respects and virtually no progress in others.” The task force concluded that AFMD’s work needed better coordination, some shifts of priorities, an upgrade in staff skills, and greater coordination of government-wide financial management issues.

It also said that, “The long-standing staff fear that work on financial management is career-limiting should be dispelled by actions and statements by the Comptroller General emphasizing its importance at every opportunity (e.g., congressional hearings and speeches). Annual evaluations of GAO audit division directors should take into account the emphasis given to financial management by those directors.”

Task force members also noted the value of establishing independent, tenured Chief Financial Officers, through

³³ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, January 19, 1996, 68-71.

³⁴ Task force members included John P. Abbadessa, former Assistant General Manager - Controller, Atomic Energy Commission; Norman A. Bolz, Vice Chairman (retired), Coopers and Lybrand; Mark D. Littler, Partner (retired), Arthur Andersen and Company; Robert C. Moot, former Assistant Secretary of Defense (Controller); and Cornelius E. Tierney, Partner, Arthur Young and Company.

legislation if necessary, to assure continuity of qualified CFOs in accomplishing improved financial management in government.³⁵

In 1984, Bowsher reorganized AFMD, giving it two main functions – (1) to spearhead GAO’s efforts to improve financial management throughout the government, and (2) to continue to serve the Congress by conducting reviews in the financial auditing, accounting, and budgeting disciplines. Also in 1984, Bowsher hired Fred Wolf, a former partner at Arthur Andersen, to “rebuild AFMD.” Bowsher noted of Wolf, “when [GAO] got into some of the things like the S & L crisis, he put us back on the map in a big way.”³⁶

AFMD’s rise early in the term of the new Comptroller General did not go unnoticed by other officials in GAO. In Harry Havens’s view, the new-found prominence of the accounting and financial management division “led to some problems with other parts of the organization.” He added, “In terms of what it did for AFMD, I think there is no doubt that it substantially increased AFMD’s institutional visibility and helped the process of recruiting first-class people into it.”³⁷

Socolar assessed how Bowsher selected and dealt with his management team in AFMD and elsewhere in the agency and the extent to which he discussed matters with his deputy:

As with regard to any appointment or hiring, you do a lot of checking, which Chuck did. He talked to me a lot about his leanings. And through all of that, I think he became much more personally aware of people’s approaches to things and their

³⁵ *Organization and Operations of the Accounting and Financial Management Division: A Report by Comptroller General’s Task Force*, November 1982, copy donated to GAO History Program in 2002 by Stan Kensky, son of former GAO official Harry Kensky (see History Archives Accession #2002-4).

³⁶ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, January 12, 1996, 72.

³⁷ GAO, History Program, unpublished oral history interview, Harry S. Havens, March 30, 1993, 14.

personalities than the leaders of most organizations know about their staff--how people would fit into various slots, for example

. . . his concern with selecting personnel to fill positions may be a function of his personality. He's very much a people oriented person and anything but autocratic, which is not to say that he doesn't have his own view of how things should be, but he understands people. He understands what motivates them. Just think about how he functions in meetings, where he is reviewing a report with the staff.

Even if he thinks the report is weak, he will work with the staff to strengthen it rather than spend time criticizing the work that was done. He understands that there's more to putting a report together than somebody sitting down and writing the words. He'll work through the process, and he's very good at that. A lot of that approach goes into his leadership style.³⁸

Wolf served 5 years before leaving GAO in 1989. Bowsher then named Don Chapin to head AFMD. Wolf, an accountant, focused primarily on improving GAO's accounting and financial management work. Budget work reportedly took a while to shape up. Havens noted that, under Chapin, the addition of Paul Posner and Susan Irving to the Budget Issues group strengthened the unit and made "an excellent combination."³⁹

In looking back at the work of the accounting division in 1996, Bowsher was unequivocal in his assessment of AFMD during his tenure. He noted that Gene Dodaro, then Assistant Comptroller General for the division, was doing "an outstanding job." Dodaro later served as Chief Operating officer during the tenure of Bowsher's successor, David M. Walker. He became Acting Comptroller General after Walker's departure from office in March

³⁸ GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994, 57-58.

³⁹ Havens's assessments of Wolf, Posner, and Irving derive from his unpublished oral history interview, March 30, 1993, 14-17.

2008. In 2010, President Barack Obama nominated Dodaro to be Comptroller General. The U.S. Senate confirmed him on December 22, 2010.

Bowsher said in 1996 that his efforts to improve AFMD had paid off:

“We have had three great leaders in a row in that division, Fred Wolf, Don Chapin, and now Gene Dodaro. I think we have made a tremendous amount of progress. Jeff Steinhoff and a lot of other people have just done a terrific job.”⁴⁰

When the S&L crisis hit, Bowsher believed that GAO and the accounting, financial, management, and regulatory experts working in AFMD and in the General Government Division were up to the challenge. In looking back at the first half of his tenure, he reflected:

I thought that we had made a lot of good changes up to that point. But I thought that there would probably be more changes coming. I really think you have to look at any organization as needing to have continuous improvement along the way. Some of the issues that you have to deal with at first are the more important ones in trying to modernize the organization as much as possible.

Actually, I thought we were in pretty good shape by that time. I thought we were ready to take on the major issues. When we hit the Gramm-Rudman issues in ‘85 and ‘86, and then the S&L crisis in the late 80’s, I think GAO was ready and it did an excellent job.⁴¹

⁴⁰ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 10, 1996, 19, and April 26, 1996, 50.

⁴¹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, April 26, 1996, 4.

Bowsher pointed to the buildup of a Budget Issues group (“a really talented team”) and praised the work of Paul Posner and Susan Irving.⁴²

In 1993, Bowsher announced consolidation of AFMD and the Information Management and Technology Division to create the Accounting and Information Management Division (AIMD).⁴³ ““We’re creating a better technological base to address how federal government agencies are coordinating their activities to better achieve their goals,’ said Gene Dodaro, director of operations for accounting and information.”⁴⁴ Bowsher explained that AIMD would be organized into four technical core groups, mirroring GAO’s program divisions. An additional permanent central core group would focus on GAO policy and government-wide issues.⁴⁵

The Comptroller General reacted to external as well as internal factors in deciding how best to organize GAO’s divisions and issue areas. Jimmy Carter’s term as president ended on January 20, 1981, when Ronald Reagan took the oath of office. The change in administration brought with it some shifts in budget priorities, which affected the work of the GAO.

The late Roger Trask, who served as historian at the DOD and later at GAO, pointed to President Reagan’s “convictions that the Soviet Union was an imminent threat to the United States and that the defense establishment had been shortchanged in previous decades.” Under Secretary of Defense Caspar Weinberger, the DOD determined that its priorities should be strategic modernization, readiness, and sustainability. In FY 1981, Congress

⁴² GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 23, 2011.

⁴³ GAO *Management News*, May 3, 1993.

⁴⁴ *Federal Times*, June 14, 1993.

⁴⁵ *Op cit.*

approved \$176.03 billion in defense spending. By FY 1985, that number had risen to \$285.1 billion.⁴⁶

The rise in federal spending caught the eye of Sen. Daniel Patrick Moynihan (D–New York) who noted later that “. . . Comptroller General Charles Bowsher stated in 1988: ‘The military budget doubled between 1980 and 1985—a build-up that was much too fast—six short years ago we were the world’s leading creditor nation. Today, we are the world’s largest debtor.’”⁴⁷

From 1972 to 1983, four GAO divisions handled work in national security and international affairs: the Mission, Analysis, and Systems Acquisition Division; the Procurement, Logistics, and Readiness Division; the Federal Personnel and Compensation Division; and the International Division. Bowsher recounted in 2005 that “with my Navy background, I was aware of many problems in the Department of Defense. I wanted to reorganize GAO to maximize our effectiveness at Defense.”⁴⁸ He decided that GAO should integrate national security and international affairs work and better focus cross-cutting issues.

He explained that it “was the biggest organizational change that I put through as far as the divisions. I couldn’t understand why we had four separate divisions working on defense. I found out that other people in the organization had been for consolidation for some time.”⁴⁹ He established an internal task force on January 7, 1983 to develop recommendations for organizing GAO’s responsibilities in the areas handled by the four divisions.

⁴⁶ Roger R. Trask, *The Secretaries of Defense: A Brief History, 1947-1985*, Washington, DC: Office of the Secretary of Defense, Historical Office, 1985, 50-51.

⁴⁷ Daniel Patrick Moynihan and Steven R. Weisman, *Moynihan: A Portrait in Letters of An American Visionary*, 2010, 557.

⁴⁸ Donald E. Tidrick, “The Comptrollers General of the United States and a Conversation with the Surviving CGs,” June 2006, Bowsher interview conducted in 2005, 19.

⁴⁹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, January 19, 1996, 54.

From January 25 to March 31, 1983, the task force reviewed and discussed prior GAO efforts and organizational realignments in defense and international affairs, defined boundaries and responsibilities for a new division, and briefed division management and top staff in existing divisions. It found that there was a close relationship between national security and foreign policy:

A review of existing literature including policy documents of the executive branch, hearings of the Congress, and legislative intent of laws pertaining to national security and international affairs reveals a close relationship between national security and international affairs. For example, the basic national security objective of the U.S. defense program is to prevent war, particularly nuclear war—the maintenance of peace.

Accordingly, the purpose of U.S. national security programs is to deter other nations from threatening our vital interests as well as those of our allies and friends. In contrast, the foreign policy (international affairs) of the United States is directed toward achieving an environment of peace, international security and economic security in which individual political and economic freedoms may flourish.

The task force also noted that “the Comptroller General has stressed the importance of GAO’s work to the congressional deliberative process and the goals he wants to achieve in our defense work including an increase in our work in this area. The Comptroller General has expressed that he wants to be in a position at the end of 5 years to report to the Congress on DOD’s progress in implementing the planned building up.”

Members of the task force recommended creating a new division to provide an organizational focal point within GAO for national security and international work as well as “a single face” to the responsible agencies. GAO needed to be flexible in order to respond to emerging and cross-cutting issues, as well as those affecting individual entities.

In May 1983, Bowsher announced the creation of a new National Security and International Affairs Division. He later observed, “A lot of people thought we were creating too large an organization by putting those four divisions under one person. But we eventually made that work, and I give [Assistant Comptroller General] Frank [Conahan] a lot of credit. He pulled it together and made it work.”⁵⁰

Bowsher believes that GAO also benefited from a talented team.

I was very fortunate to have some very experienced professionals, including Vietnam veterans, military academy graduates, and others with Pentagon experience. We did a lot of good work on the military’s major weapons systems that I was proud of. For example, we did an outstanding study on all of the strategic (nuclear) weapons that is still highly classified—Admiral Stan Turner, a former director of CIA, said it was the best report he had ever seen on those strategic weapons. Congress relied on that work in establishing military priorities when the Berlin Wall came down and the Soviet Union dissolved.

However, financial reporting at DOD proved difficult to fix. As late as 2005, the former Comptroller General observed that, “Unfortunately, we had . . . problems that remain: the first was the Department of Defense, which I doubt has much better financial reporting systems today than when I was trying to modernize their systems in 1969.”⁵¹

Procurement problems at DOD exploded into the headlines during Bowsher’s tenure. On June 27, 1988, *Time* magazine reported:

By spending \$160 billion a year on its huge purchases of sophisticated weapons and mundane supplies, the U.S. Defense

⁵⁰ *Ibid*, 55.

⁵¹ Donald E. Tidrick, “The Comptrollers General of the United States and a Conversation with the Surviving CGs,” June 2006, Bowsher interview conducted in 2005, 19.

Department has become the ‘largest and the most important business enterprise in the world,’ declared a presidential commission that undertook to reform the Pentagon’s procurement procedures two years ago.

It is also a system, said the commission, that is “fundamentally ill” in the way it awards 15 million contracts annually. Just how wrong things have gone at the Pentagon became apparent last week. Operation Ill Wind, an extensive two-year investigation of fraud and bribery in the handling of major purchases, blew into the open, rattling Washington and the nation’s military-industrial complex.

After being briefed on the probe, Republican Senator Charles Grassley predicted that it will reveal a “fraudulent use of taxpayers’ money beyond the wildest imagination.”

The Ill Wind military procurement investigations resulted in 60 convictions of government employees and contractors.⁵² The Justice Department’s investigations centered on the Navy and, to a lesser extent, the Air Force. In July 1988, Dave Williams, head of GAO’s special investigations unit, briefed Congress on an examination of contracting at the Army Missile Command and the Strategic Defense Command.⁵³

In addressing the Procurement Roundtable on August 3, 1988, Bowsher put the procurement scandal into historical perspective:

In this century, the United States witnessed profiteering on a grand scale during World War II, and many Americans alive today, recall the investigative hearings that first brought national attention to Harry Truman, then a little-known Senator from Missouri. There were further scandals during the Korean War. Today, we are witnessing the unfolding of the latest act

⁵² *Government Executive Magazine*, July 15, 2004.

⁵³ “GAO: General Who Favored Contractor Allowed to Retire,” Neil Roland, *United Press International*, July 13, 1988.

in an old and sorry drama: the manipulation of the public trust and taxpayers' money for illicit gain.

There is one common thread to the history of military procurement scandals. They happen most often during periods of rapid expansion when money for arms flows freely and the emphasis is placed on buying as many new weapons as possible before the spigot is turned off.

Bowsher told listeners:

What frightens me most about the current allegations is that they involve high-level officials. Wrongdoing committed by officials at the management level, either in the corporate world or in government, is more serious than transgressions committed at a lower level, such as mischarging time cards and the like. Management fraud not only undermines public confidence but is also much harder to detect for the very reason that top people are involved, people who have the power to subvert or bypass controls intended to detect or prevent fraud.

After reorganizing GAO's operating divisions, Bowsher realigned the agency's Office of General Counsel (OGC) to better support the mission units. First, a 1987 management review examined OGC's audit support work. The author of the review, Mike Karson, noted "an infusion of legal skills and perspectives throughout the audit process' is not likely to occur on a substantial basis unless much more of OGC's total resources are allocated to audit support."

General Counsel James Hinchman next asked Associate General Counsel Henry Wray to lead an OGC group which developed a reorganization proposal. OGC also noted in its Program Plan the "clear" demand for "more legal resources than we are now providing." It acknowledged the increasing number of jobs raising "substantive legal issues" and the heavier caseloads affecting the "elasticity" of legal support for specific audit assignments.

The Comptroller General approved a realignment of the OGC in 1988. The principal objectives were to:

- enhance the effectiveness of legal support to the audit divisions and channel more resources to such functions,
- eliminate “much of the layering of SES positions” in the OGC,
- increase the efficiency of decision writing in areas other than bid protests,
- assure subject area consistency in OGC work, and
- facilitate training of development of professional staff.

The changes affected organizational alignments, assignments, and workflows. Five new legal office units corresponding to audit divisions replaced two former units (General Government Matters and Special Studies and Analysis). GAO placed existing decision-writing experts (appropriations, civilian personnel, military personnel, transportation law) into the most relevant new audit-related legal units.

Hinchman noted:

The most pronounced impact will be in the area of greatest need—audit support. The five new audit division units will, for the first time, clearly fix audit support responsibilities within OGC and provide each of these audit divisions with an SES-level attorney whose primary responsibility is to serve as their lawyer. This, in turn, will encourage more active involvement by the attorneys in all stages of the audit work. More generally, it will afford the Associate General Counsels greater management authority and responsibility.

Combining the attorneys who now write decisions with those who service the audit divisions will increase the number of attorneys available to provide audit support and facilitate the movement of attorneys between these functions as the workload dictates. Finally, the assignment of our congressional request

work to these units will permit more effective coordination of this work with related work in the audit divisions.

The General Counsel also pointed to a need for streamlining reporting chains:

. . . our management structure is too hierarchical and contains too many review levels. At present, our law groups are each divided into subgroups consisting of four to six attorneys under the supervision of a GS-15 Group Manager. The Group Manager reports to an SES-level Assistant General Counsel who, in turn, reports to the Associate General Counsel in charge of that law group. With very few exceptions, this same structure applies to decision-writing, congressional request work, and audit support. This multi-layered structure builds in redundancy and unnecessary delays. More importantly, it diffuses responsibility and accountability for our work. Such a structure is particularly ill-suited to providing audit support services, but it also detracts from the efficiency of decision writing.⁵⁴

GAO abolished the group manager positions and designated some GS-15 supervisors and specialists as competitively selected Assistant General Counsels. Hinchman observed that the new use of the Assistant title for GS-15s, previously reserved for members of the Senior Executive Service, sent a message. “It enhances the GS-15 first line supervisor and subject matter expert positions within OGC.”

Milt Socolar looked back at the effect of the changes in General Counsel in 1994, 2 years before Bowsher’s term ended.

I had always felt strongly that there was too great a separation between OGC and the audit divisions. We had made a start in OGC toward getting closer coordination between the two elements of the office. It still was not what was really

⁵⁴ Memorandum, “General Counsel James F. Hinchman to All OGC Staff Members, Subject: Reorganization of the Office of the General Counsel,” July 27, 1988.

necessary to provide the legal discipline in audit work. And, so in the early 1980s, the movement of attorneys into closer cooperation with the audit divisions was accelerated. Now there is throughout the office a much better tying together of the various disciplines involved.

At an earlier time, executive branch agencies made much greater use of GAO in the legal arena than they do today. Agency heads, general counsels, disbursing officers, and certifying officers were very much in the habit of coming to the Comptroller General for opinions as to their legal authority to make particular kinds of expenditures from their budgets. . . that has dropped off significantly. And, today, I think that the major portion of OGC's staff is devoted to providing service to the various audit and technical divisions.

Today, much more than before, attorneys sit in on regular meetings of the audit divisions. And there's much, much greater coordination and recognition in the audit arena, I think, of the importance of dealing with the legal issues.

I might say, too, that that has come about in part by virtue of some of the legislation that had been imposed on GAO, particularly items like Gramm-Rudman, which was very, very complicated from a legal standpoint in terms of what the audit divisions were going to be required to do.⁵⁵

Socular observed that GAO made great strides in increasing coordination among its lawyers and audit officials, going as far as it could without actually assigning lawyers to report to mission unit heads.

Bowsher also built on Staats's efforts in working with the International Organization of Supreme Audit Institutions (INTOSAI), a non-governmental body associated with the United Nations and headquartered in Vienna, Austria. As he sought

⁵⁵ GAO History Program, unpublished oral history interview, Milton J. Socolar, August 18, 1994.

world-wide improvements in the auditing of government agencies, Bowsher established good relations with a number of Auditors General during the 1980s and 1990s.

At the 1984 meeting of INTOSAI, members Bowsher and Ken Dye (Auditor General of Canada) suggested establishment of committees to work on auditing standards, common principles, and internal control issues. He and Dye also worked to establish an INTOSAI training program for auditors.

The International Congress of Supreme Audit Institutions (INCOSAI) meets every 3 years in different sites around the world. In 1992, due to Bowsher's efforts, the United States served for the first time as host for INCOSAI. GAO's work on international standards committees during the 1980s and early 1990s paid off in 1992 during the meetings in Washington on approval of standards in auditing and evaluating internal controls.

In an oral history interview on May 10, 1996, Bowsher observed of GAO's international relations staff,

Peter Aliferis, Lin Weeks, Don Drach, and some of the others who worked on it did a marvelous job. They ran a beautiful Congress here, which will also be, as many of the other auditor generals say, the standard now for a long time to come. About 200 people in GAO worked on that Congress. That was a big effort and it was a big success.

During Bowsher's tenure, GAO's international liaison officials supported a fellowship program which enabled audit officials from developing countries to come to the United States to study GAO's methods and observe how it did its work. As Bowsher said in 1996, the agency moved from a largely United States-focused view of its auditing work during Comptroller General Joseph Cambell's tenure to become "a leading organization in the world."⁵⁶

⁵⁶ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 10, 1996.

4. Managing the Cost of Government and Facing the Facts on the Deficit

Soon after taking office, Comptroller General Bowsher said, “In these troubled times, the Federal Government can ill afford to drift along with anything less than superior financial management of its resources.”⁵⁷ Throughout his term, Bowsher worked to improve financial management within the government. He advocated summary-level financial statements for all agencies, and for the federal government as a whole. Bowsher also called for improvements in the budget process, including a move to biennial budgeting.

In 1985, GAO issued a white paper, *Managing the Cost of Government: Building an Effective Financial Management Structure* (AFMD-85-35), which noted that “the current federal financial management process does not adequately provide reliable, consistent information for policy formulation and management control.”

GAO pointed out that it was difficult to compare the budget authority granted by the Congress with actual results when data were not compatible. It also described the impact of inadequate disclosure of assets, costs, and liabilities, and the problems with antiquated and fragmented financial management systems.

The white paper stated that major commitments of federal resources, such as retirement benefits, were only partially recognized in the budget, and other activities were entirely outside the budget. GAO presented in its white paper a conceptual framework for overhauling the government’s financial management, which included:

- strengthening accounting, auditing and reporting;
- improving planning and programming;

⁵⁷ GAO *Management News*, November 10, 1981.

- streamlining the budget process; and
- using a systematic measurement of performance.

In testimony before the Senate Committee on Governmental Affairs in June 1988, the Comptroller General laid out a comprehensive plan to reform the congressional budget process and structure of the federal budget. He continued this effort with the issuance of the report, *Managing the Cost of Government: Proposals for Reforming Federal Budget Practices* (AFMD-90-1) in October 1989. The report described the need to restructure the budget, which, in its current form, obscured some needed information.

For example, by merging some funds, such as those covering the Social Security surplus, into the general total, the budget provided a false impression of the financial state of the nation. Temporary trust fund surpluses, such as Social Security, highways, and airports, were spent on other programs, reducing the overall reported deficit. This obscured the severity of the deficit.

The Comptroller General called for retaining a unified budget, but dividing it into general trust and enterprise funds, with each subdivided to indicate operating and capital amounts. The budget's focus on cash transactions often understated, overstated, or ignored true costs. To give a truer picture, GAO recommended improved cost measurements. The Comptroller General also suggested streamlining the budget process through the negotiation of binding agreements on the broad shape of the budget for a period of at least 2 years.

Bowsher addressed the government's problems at length in an article entitled, "Federal Financial Management" (1988). He explained that, "the structure we now have--that is, the agency-based systems developed in the 1940s and 1950s--has deteriorated. These old systems, individually designed and poorly linked, provide a torrent of financial data, but little of the timely, reliable and consistent information needed for decision making as we face unprecedented budget deficits and the pressure to manage

programs more efficiently.” Bowsher advocated use of annual financial statements at government agencies and departments, with reliability ensured through independent audits.

Early in Bowsher’s tenure, Congress passed the Federal Managers’ Financial Integrity Act of 1982. This authorized GAO to establish standards for internal controls and required executive agencies to report on compliance with the standards. GAO also played a significant role in drafting the Single Audit Act of 1984, which requires use of the single audit concept.

The Comptroller General established an audit policy advisory committee to advise how to make the single audit an effective tool. The following year, the Comptroller General endorsed legislation to establish uniform single financial audit requirements for recipients of federal assistance. Congress passed such legislation in 1984, and President Ronald Reagan signed Public Law 98-502, the Single Audit Act of 1984, on October 19, 1984.

Under Bowsher, GAO continued the cooperative guidance effort begun with the issuance of *Government Auditing Standards* in the Yellow Book in 1972.⁵⁸ It updated the Yellow Book standards in 1981, 1988, and 1994. Compliance with the standards initially was voluntary. However, the Single Audit Act of 1984 requires auditors to follow the governmental standards when auditing state and local entities receiving federal financial assistance. The Inspector General Act of 1978 also requires federal inspectors general to comply with the audit standards.

GAO issued *Accounting Principles and Standards for Federal Agencies* in 1984. These updated accounting principles and standards, required federal agencies to prepare basic financial statements, and put federal financial reporting on a more consistent basis with reporting by state and local governments and the private sector.

⁵⁸ For an in-depth look at the development of the Yellow Book, see Maarja Krusten, *The Issuance of The First “Yellow Book” Government Auditing Standards In 1972* (completed in 1995 with an update in 1999), GAO History Program.

In March 1988, the Comptroller General, Treasury Secretary James A. Baker, and OMB Director James C. Miller issued a set of core financial system requirements. Developed under the auspices of the Joint Financial Management Improvement Program (JFMIP), these were incorporated into government-wide accounting and financial reporting standards and guidance with which agencies had to comply starting in FY 1989.

Bowsher spent considerable effort persuading key members of the executive and legislative branches of the need for legislation to improve financial management. Ronald Reagan's OMB and Treasury focused heavily on international financial issues and tax matters.

Bowsher explained in an interview that his outreach to Reagan's first OMB director, David Stockman, and to Treasury Secretary James Baker had little impact. However, in later years, he found that Frank Hodsoll, a top official at OMB, provided useful support for his efforts.

Bowsher's efforts initially faced some questions on Capitol Hill. Rep. Jack Brooks (D-Texas), chairman of the House Committee on Government Operations, reportedly questioned the use of financial statements in the private sector as a model for governmental information needs. Brooks also expressed concern about how balance sheets would show government investments in various assets, such as those dealing with human resources.

In 1989, John Conyers succeeded Brooks as committee chair. On the Senate side, John Glenn (D-Ohio) was a big supporter of legislation to improve financial management.⁵⁹ As problems erupted in several executive agencies during the Reagan administration, most notably the Ill Wind procurement fraud scandal at the DOD and the influence-peddling grant scandal at the

⁵⁹ For an assessment of Brooks and of Bowsher's contacts with Reagan-era officials, including Stockman, Baker, and Hodsoll, see comments by Milton J. Socolar in GAO, History Program, unpublished oral history interview, August 18, 1994, 12-14 and by Charles Bowsher in unpublished oral history interview, August 29, 1996, 34.

Department of Housing and Urban Development (HUD), members of Congress increasingly focused on accountability.

Milt Socolar later noted the vital educational and guidance role played on Capitol Hill by a GAO executive:

Jeff Steinhoff provided information to the House Government Operations and Senate Governmental Affairs Committees as to what was needed, what the problems really were, and what should be considered in the legislation to make it useful in getting on top of the problems that were involved.

Jeff took his lead from his own division leadership and from the Comptroller General, essentially, and did a first class job in shepherding that legislation for GAO.⁶⁰

GAO's efforts finally paid off in 1990 as Congress passed the Chief Financial Officers Act. The act established Chief Financial Officers in the major executive agencies and a new Deputy Director for Management and a Controller in OMB. The law required the executive departments and agencies to prepare financial statements beginning in 1991. GAO noted:

This is the most comprehensive and far-reaching financial management improvement legislation since the Budget and Accounting Procedures Act of 1950 was passed over 40 years ago. The Act will lay a foundation for comprehensive reform of federal financial management. The act establishes a leadership structure, provides for long-range planning, requires audited financial statements, and strengthens accountability reporting.

Bowsher expressed pride in his role in improving financial management and accountability within the government. His efforts to draw attention to other issues, such as the budget deficit, would prove to be more challenging.

⁶⁰ GAO, History Program, unpublished oral history interview, Milton J. Socolar, August 13, 1994, 23.



Source: GAO.

Comptroller General Bowsher testifies before Congress.

Of all the issues the nation faced during the 1980s, Bowsher viewed the budget deficit as the most critical and the most difficult to resolve. In testimony and reports, speeches and articles, Bowsher rang the alarm bell time and again. And he did not mince words. Invited to give the James Webb Lecture for Excellence in Public Administration in December 1988, Bowsher laid out the facts:

The most pressing crisis facing the United States today is the federal budget deficit. For years, outside observers and government officials alike have decried the growing accumulation of red ink. But despite volumes of rhetoric, the government has yet to successfully confront the deficit. It has become a hindrance to the nation's future security and an embarrassment to the American people.

After describing the global impact of the deficit and warning about its potential severe cost, Bowsher warned of less well-known consequences: "There is another consequence of our budget crisis

that has only recently begun to emerge and that should trouble all who care about effective government. Simply put, the nation is falling behind in the investment needed to keep the most basic government programs on track.” He explained that the budget deficit was hampering the ability of the Congress and the executive branch to deal with many emerging issues. Moreover, the deficit was affecting a “government that works.”

The Comptroller General explained that essential social services were in danger. Bowsher grew up during the economic depression of the 1930s. His personal recollections, shared informally in conversations with the author, include vivid memories of growing up in a neighborhood where, everywhere he looked, he saw families struggling to get by. As a child, he remembered seeing the desperate hope of unemployed men as they slowly began to be called back to work during the New Deal.

In his Webb lecture, Bowsher noted with shock that during the 1980s, a time of general prosperity, the United States had fallen to 19th among 20 industrial nations in infant mortality. The Comptroller General described shortcomings throughout government, such as the failure of the Internal Revenue Service (IRS) and the Federal Aviation Administration (FAA) to modernize outdated computer systems. Not only was it difficult to fund all the federal programs that were needed, the government’s debt would be a crushing burden on future generations, with a “severe cost on our children and grandchildren.”

Bowsher drew on his knowledge of history to describe how, at the end of World War II, Germany and Japan lay in smoldering ruins but managed to rise from the ashes through “intense self-discipline.” (His speech predated the economic problems that hit Japan with full force in the 1990s.) By contrast, “Great Britain—a victor in that war and once the world’s greatest empire—began a long, slow decline marked by economic and military retrenchment.”

Bowsher concluded, “Such analogies can be carried too far, but they help make a basic point: America is at a crossroads. The deficit and the manner in which it is confronted may well determine the nation’s future path.”

He called on elected leaders and employees in the public service to identify problems, marshal resources, motivate staff, and make operations work. “Finding the money will not be easy, but the bigger challenge is to find the will. Americans expect a government that works. We can ill afford to give them less.”

In testimony and in annual reports, GAO pointed out that the United States could not grow or freeze its way out of the deficit problem, nor could the Gramm-Rudman-Hollings legislation (which exempted 70 to 80 percent of the budget) solve the problem in a mechanistic way. Rather, “the new President and the Congress must commit the nation to a bipartisan multiyear budget strategy of spending cuts and, if necessary, tax increases to work our way out of the crisis of continuing deficits.”

In 1989, Bowsher again warned about the deficit in an article that noted that the federal government was “cooking the books,” leading the public to believe that the deficit was falling when it actually was rising. The title for GAO’s annual report for that year reflected the same theme: “Facing Facts.” Bowsher’s words were blunt. He warned that the official figures concealed the fact that the imbalance on the nontrust-fund side of the budget was larger than it had been before the Gramm-Rudman-Hollings deficit reduction program went into effect in 1985.

How have the facts about the government’s finances been concealed? By several means, including deficit projections that are based on overly optimistic economic forecasts and accounting gimmicks—such as moving paydays from one fiscal year to another—that are an embarrassment to all involved. But what most distorts the deficit picture is

the merging of the operations of federal trust funds with expenditures for the rest of the government.

Bowsher concluded, “We are supposed to be making progress on the deficit. We are not. It is time to face this fact, and to act upon it.” He warned that the first step that was needed was to acknowledge, “at long last, that without major changes in our spending and taxing policies, the problem will continue to grow. When we rely on optimistic forecasts and budgetary chicanery to create the appearance of a lower deficit, we only fool ourselves.”

Unless government confronted the problem head on, coming generations would be deprived of opportunities “due to our negligence.” Bowsher believed that:

they should not have to pay the price for our inability to get our financial house in order. For their sake as well as our own, we must begin to spend and tax more wisely. Doing so is our only means of returning the nation to fiscal health.

Bowsher’s outspokenness drew praise from some observers. “They’ve become more courageous in what they go after,” said Frederick Mosher, author of two books on GAO. “Bowsher seems to be using his position more in the manner it was originally intended—as the government’s ombudsman.”⁶¹

⁶¹ “Congress’s Watch Dog: Mostly It Still Goes for the Capillaries,” *Washington Monthly*, November 1989.

5. Early Examinations of Reporting and Timeliness

At the beginning of Bowsher's term, he named Ira Goldstein to chair an internal Task Force on Reports. The task force examined how GAO produced its audit and evaluative reports.

In November 1982, the task force published a report, *Excellence Through the 80's*, which cited the need for exemplary product quality as well as the use of highly skilled staff, proper management tools and incentives, and improved communication in producing GAO reports.

To this end, the task force recommended use of integrated teamwork, greater quality assurance, better defined report clearance authority, refined design and printing standards, and changes to GAO's product line.

Since timeliness was a major factor in report production, the committee called for clearer guidelines on job time frames and the development and coordination of productivity measurement and improvement programs. Many of the task force's recommendations reflected similar thinking to that reflected in Bowsher's September 1982 personnel moves.

As a follow-up to the recommendations of the Reports Task Force, GAO took other steps in 1984 to improve job processes. In accordance with guidance issued by the Office of Quality Assurance in the fall of 1983, five divisions established Design, Methodology, and Technical Assistance Groups during 1984. These provided advice to the audit divisions on the scope and design of jobs, data collection instruments, and job methodology.



Source: GAO.

Comptroller General Bowsher and GAO Senior Executives meet with the Auditor General of the United Kingdom.

The Comptroller General also created the Office of Information Resources Management (OIRM) in 1984. Its objectives included consolidating GAO's information management resources, fostering the use of automated data processing in doing GAO's work, and testing and evaluating new systems and technologies.

On March 21, 1985, Rep. Brooks, then Chairman of the House Government Operations Committee, informed the Comptroller General that GAO's oversight hearings were being postponed. In his letter, Brooks questioned what he perceived as a decline in the timeliness and quality of GAO reports, "excessive" time spent on planning and report processing, low employee morale, a "general reluctance to issue incisive, hard hitting reports with meaningful recommendations," and "a general attitude that congressional request work is disruptive and not as important as GAO's self-initiated work."

In his response, the Comptroller General addressed each complaint and described his efforts to improve GAO's operations, as well as recent changes. In 1984, he had revised the planning system and updated issue areas, reducing their number from 37 to 29. The revised planning system:

- provided for early involvement in planning by the Office of the Comptroller General and increased involvement by congressional committees, top federal officials, and recognized experts in the various issue areas;
- modified the period covered by issue area plans so that they covered from 2 to 4 years, depending on the issues;
- provided the strategy by which individual projects would contribute fully to broader objectives; and
- supplemented the multiyear issue area plans with annual work plans integrated with GAO's staffing and budgeting systems.

At this time, Bowsher also expanded the role of the Office of Policy (OP) to serve as a clearinghouse for all GAO auditing and evaluation guidance and to develop a new auditing and reporting policy system.

Bowsher agreed with the congressman that more could be done to improve timeliness. However, he informed Brooks, "I cannot agree that quality has declined." The Comptroller General named Kevin Boland, then Deputy Director for Operations in the Resources, Community, and Economic Development Division, to chair a task force on GAO's responsiveness to congressional requests. The study team examined performance data and talked to committee staff members and division management.

The task force found that GAO sometimes displayed a lack of urgency about meeting deadlines. The start-up and review processes for audit work were also criticized as too slow. Some interviewees pointed to GAO's tendency to change the nature of

requests (expanding or limiting objectives and scope) after work had begun.

As a result of the review by the task force, the Comptroller General issued a number of directives in September 1985 aimed at improving timeliness and communications and clarifying issues related to the detailing of staff to work with congressional committees. He noted, “We need to involve Congressional members and staff more in identifying the work we should do and in targeting our reporting to be of better use in the Congressional decision-making process.” The directives called for establishing a clear and mutual understanding of the congressional requestor’s needs and the best GAO response. Bowsher also sought to improve GAO’s management information system.

During Elmer Staats’s and Charles Bowsher’s tenures as Comptroller General, GAO referred to its auditing and investigative engagements as “jobs.” Elmer Staats established an Assignments Review Group, whose members were the Assistant Comptrollers General and, on a rotating basis (with 1-year terms), two of the directors of GAO’s 10 operating divisions. The executive secretary of the group was the director of the Office of Program Planning (OPP).

The Assignment Review Group examined “prospective and ongoing jobs in dispute, those markedly overrunning their schedules, and proposed jobs which [the Office of Program Planning] believed deserving of special review.”⁶² In 1986, Bowsher replaced the Assignment Review Group with a new Job Starts group. Its members reviewed proposed audit assignments.

According to Milt Socolar, the meetings served as an opportunity for the Comptroller General to get together with top officials. He said the purpose of Jobs Starts was not so much an affirmative approval process, but to provide a forum generally to review requests and to

⁶² Roger Sperry, *GAO: 1921-1981*, Washington: GAO, 1981, 143.

discuss questions. The group accepted some assignments, redirected others, questioned some and then accepted or rejected them.

Socular believed the Job Starts process served the Comptroller General well but could be disconcerting to the operating divisions.

. . . there was no medium for assuring good communication on matters with the divisions. Most of the things that were raised in the meeting were innocent questions or requests for information that would alert staff to the need for attention to particular matters. Yet, when OPP [the Office of Program Planning] communicated these questions and alerts to the divisions, they invariably were received as criticisms. No amount of assurance that the job starts group was not being critical seemed to suffice.

In 1993, Bowsher discontinued the regular Job Starts meetings. Although the meetings were useful, Socolar found that they often dissolved into minutia and that the divisions expressed frustration at the time it took to research such questions. The top managers tried to find ways of asking questions of the divisions without getting a negative reaction. Socolar explained:

There seemed to be a perennial problem regarding many questions being appropriately received by the divisions as innocent requests for information, rather than the divisions assuming that it was the aim of those of us on ‘the seventh floor’ [the location of the top officials’ offices] to second-guess them on everything. Most of the things that were inquired about were more in the nature of requests for information, rather than suggesting any kind of criticism or desire for changes in direction. I think the divisions often looked upon our inquiries as criticism.

Also, I think we learned, somewhere along the line, that what we in the Job Starts Group approached rather casually, often consumed a great deal of energy in the divisions to prepare their responses.

Some of the issues previously discussed during Job Starts were folded into the Report Review meetings. The Report Review meetings occurred on a rotating basis, with each division getting a turn every 2 weeks as their Assistant Comptrollers General reported on ongoing work.

As Bowsher's term went on, he increasingly brought issue area directors into the report review meetings, as well. Bowsher recounted that during Elmer Staats's tenure, there had been no such meetings ("they said that Elmer just received the reports, and reviewed them, and then generally signed them. I thought there was a need to have a more formal review of the reports.")

Early in his term, the Comptroller General decided to meet with the heads of GAO's mission divisions on a regular basis.

I moved to . . . having a nine-thirty meeting with each of the divisions every two weeks. These meetings started out being very informal, but then we had an agenda covering what reports were going out, what testimonies were coming up, and other issues that needed to be discussed. We called these reports review meetings.

. . . . I copied it from the way Harry Truman ran the White House, as I had read over the years in history. I talked to Clark Clifford, who said that Truman would chair a staff meeting every day at two o'clock.

When his team left the meeting, there was no debate as to whether the president really wanted something. It was not just because the chief of staff or somebody else said they ought to be doing it this way.

Bowsher drew not just on his interest in history, but also his prior experiences in the public and private sector.

That is one of the great problems in Government or any large organization. There's always the question, 'does the top person really want this or is it just that somebody down

the line has decided that this is what we should do?’ Then the bureaucracies fight among themselves. I thought that by adopting this kind of process, the political appointee gets tied into the organization, the line organization.

Even when I was at the Pentagon, I always thought there was a disconnect between the three military services and the Office of the Secretary of Defense. I wanted to avoid that. So this was a very important change, evolving into what I called the ninety-three meetings.

Bowsher pointed to the lack of formalized coordination he had seen at the DOD:

When I was assistant secretary of the navy, I set up a management information center for the secretary of the navy, to review periodically, weekly, the weapon systems. And, again, we cycled them through to look at them. We never had anything like that in the Navy in modern times, until I got that. It took me a couple of years to get that set up. I finally got it set up with the new leadership, under John Chafee, when he was secretary of the navy.

Prior to that, it was always a crisis. . . ‘the Mark 48 is ready to go to production contract, and here’s the program manager, and he needs your signature. And if you don’t sign on, 2,000 workers at the Westinghouse plant will be laid off on Monday.’ You know, that was how the decision was made.

And I said ‘we’ve got to figure out ahead of time, is the Mark 48 torpedo program going well? Are we within costs, are we meeting schedule milestones,’ and things like that.

But then he shook his head, “They killed that program, I understand, within six months after I left the Navy or at least as soon as Chafee left.”

At GAO, Bowsher believed that establishing formal and regular meetings helped the Comptroller General and his subordinates

alike. “I always said to the division leadership, ‘I don’t want any surprises from you, and you don’t want to find out later on that I don’t support you, when you issue a report. What we’ve got to do is make sure we’re in agreement. That, when we sign that report, either I sign it or you sign it, we’re all in agreement that report’s now ready to go out.’” He characterized the meetings as “lively” and believed they came to work well.⁶³

After reports were issued, GAO selectively checked quality through a Post-Assignment Quality Review System (PAQRS) process. The PAQRS team operated out of the Office of Policy. “The ultimate objective,” Bowsher wrote, “is to provide added assurance that the quality of our work remains high to sustain the credibility and effectiveness of the organization.”⁶⁴

Donald Horan, director of OP, expressed appreciation for the approach Bowsher used. “I served a couple of years as the Director of the Office of Policy for Elmer Staats, and then my second tour as Director was with Chuck Bowsher. My access to Chuck Bowsher was just so much more frequent, and it seemed like I was involved in so many more things. At the time that I served the tour under Chuck Bowsher, we had an Office of Quality Assurance that was doing the report review. So in fact, Chuck Bowsher was drawing me in to matters that went beyond the actual report review.”⁶⁵

⁶³ See GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994, *passim*, for his descriptions of the Job Starts and Report Review processes and his observations on the communication problems. For assessment of Reports Review meetings and Navy experiences, see GAO, History Program, unpublished oral history interview, Charles A. Bowsher, January 19, 1996, 75-76.

⁶⁴ GAO Archives, Bowsher Memorandum, “Report Review,” June 1, 1983.

⁶⁵ GAO publication, oral history interview, *Policy Guidance: 1963-1986*, GAO/OP-23-OH, Interview With Donald J. Horan, Eugene Pahl, and Allen R. Voss, May 14, 1991, published January 1992, 77.



Source: GAO.

Comptroller General Bowsher meets with GAO senior leaders.

Bowsher also continued a practice established during Staats's term—a Friday morning senior staff meeting known as the Office of Congressional Relations (OCR) meeting. The managers also got together during the preceding half hour to chat informally in what came to be called pre-OCR.

6. Managing and Housing a Diverse and Multi-Disciplinary Workforce

When Rep. Brooks asked questions about morale among GAO's employees in 1985, the Comptroller General replied:

We are aware that the major organizational changes in GAO have some adverse effects, including the morale of some of our staff. That is a frequent result of change. The settling effect after reorganization is, I believe, starting to show improvements in morale. Also, based on meetings with various advisory groups, I believe there is an improvement in morale even though staff are proceeding cautiously in evaluating management responses to their concerns. You can be assured that this matter will continue to receive my personal attention.

Bowsher also noted that, ~another contributing factor to the morale of the GAO staff is the overall low morale of the federal employee caused by concern over pay, retirement, budget cuts, etc.”⁶⁶

In October 1987, the Comptroller General announced the establishment of a task force on human resources. Chaired by William Anderson, Assistant Comptroller General (General Government), the group examined recruiting, training, staff development, and other resource issues. The task force issued its report in March 1988. It recommended bringing all aspects of GAO's recruiting program under a senior executive, restructuring staff development activities by establishing a training institute, and expanding career-assistance services.

In response to the task force's recommendations, GAO established new offices and reorganized existing ones. For most of Bowsher's term, Felix Brandon served as director of the Personnel Office,

⁶⁶ The March 21, 1985 Brooks letter to Bowsher is filed in the Charles A. Bowsher Papers, GAO History Program Archives. Bowsher's response to Brooks was printed in a supplement to *The GAO Management News*, April 9, 1985. Information about the Boland task force derives from the Comptroller General's September 6, 1985 memorandum to all GAO staff on "Improving GAO's Responsiveness to Congressional Requests," copy in GAO History Program Archives.

which maintained overall oversight of personnel decision processes. (Patricia Rodgers succeeded him as director in 1993.) After receipt of the Brooks letter, Bowsher reorganized the Personnel Office into units handling policy development and planning, employee relations and benefits, personnel and payroll system automation, and personnel management evaluation and consultation.

In May 1988, the Comptroller General announced the establishment of a GAO Training Institute. Headed by Terry Hedrick, the institute took over training activities previously handled by the Office of Organization and Human Development. At the same time, a new Office of Organizational Development, headed by David Schwandt, replaced the old Office of Organization and Human Development.

During his tenure, Bowsher upgraded GAO's in-house training facilities and expanded the curriculum. He made changes in order to respond to new requirements in government audit standards. As a result, GAO's auditors had to earn 80 hours of continuing professional education credits every 2 years. GAO also provided external training opportunities and self-paced training on computers.

Bowsher worked to ensure a better physical work environment for GAO's staff, not just in a training institute but throughout the headquarters building and in field offices. Safety concerns triggered some renovation efforts. In the late 1970s, the General Services Administration (GSA) began an asbestos removal program in the GAO building in Washington, D.C. Originally scheduled for completion by 1982, the GSA effort ran into delays because of safety problems, a lack of funds, and increasing costs.

In 1983, GAO informed the Congress about the delays in asbestos removal and other problems with GSA. The Senate Committee on Appropriations called for the Comptroller General to work with GSA to assure timely removal of asbestos. It added that if a resolution was not worked out, it would consider "recommending the transfer of building ownership to the Comptroller General."

In August 1987, a condition assessment report for the GAO building revealed a number of deficiencies in safety, roofing, plumbing, steam, electrical, and HVAC. While GSA's asbestos removal plans centered on the ceilings, GAO found that asbestos had been widely used in the building due to post-World War II shortages of other materials.

GAO's officials concluded that the building required major systems renovation in addition to expanded asbestos removal. The presence of an asbestos mechanical duct system required removal of plaster ceilings, ducts, pipes, and floor tiling, leaving only the original concrete. This enabled the building modernization team to reconfigure space into modern open office settings.⁶⁷

The Office continued to express concern about delays in a number of GSA-run projects, and in 1987, the agencies agreed to work out a transfer of custody. With the signing of Public Law 100-545 on October 28, 1988, the Comptroller General took over exclusive custody and control of the building.

GAO upgraded its headquarters building's electrical and communications network in order to support computers, local area networks, and other modern technology. Its managers also sought to improve the physical surroundings by providing staff with a pleasant work environment. GAO began a floor-by-floor asbestos removal and renovation project in the mid-1980s. In addition to improving office and conference room space, the renovation effort included remodeling the Comptroller General's suite and the cafeteria, moving and modernizing the GAO Technical Library, and constructing a fitness center.⁶⁸

Mallory Andrews, director of GAO's Office of Real Property Management—the facilities unit—worked out a “Support for

⁶⁷ Rose M. Imperato, GAO, “History of the GAO Building Modernization Program.” Maarja Krusten, interview with Mallory Andrews, October 10, 2012.

⁶⁸ Maarja Krusten, “How GAO Built its Dream House,” 2001, <http://www.gao.gov/about/history/articles/gao-builds-dreamhouse/12-gaotakescharge.html>

Others” interagency agreement with the U.S. Army Corps of Engineers in 1991 for engineering and construction support for the modernization of the GAO building. As GAO’s staffing levels changed during the 1990s, the agency realized it would not need all of the available space. GAO decided to lease the 3rd floor of its building to the Corps of Engineers. The Corps also paid \$6 million for modernization of part of the 6th floor and later received a 3-year rent credit when it occupied some of that space.

The modernization goals included removing all asbestos and hazardous materials, putting state-of-the-art mechanical, electrical, and safety systems in to the building, and bringing it into compliance with the Americans with Disabilities Act. Creating a “green building” was another objective of the modernization effort. For example, GAO sought to improve energy efficiency by replacing a low-pressure constant volume air distribution system with a medium-pressure variable system.

In designing the renovated space, GAO sought to choose products (ceiling tiles, wall coverings, carpets, furniture) that used recycled fibers or were recyclable. Many of the modular office components installed during the Bowsher era modernization are recyclable and recoverable.⁶⁹

According to Mallory Andrews, Comptroller General Bowsher’s vision for and support of the building modernization effort were key elements in the success of the initiative. GAO executive Richard L. Brown played a key role in ensuring internal and external support on Capitol Hill for budgetary and operational issues. Brown’s expertise and work with Congressional appropriators also helped GAO navigate budget cuts during the 1990s.

In carrying out a well-thought modernization, GAO officials relied on experts and also took into account input from employees of various ranks. Floor plans initially reflected a 60 per cent – 40 per cent split of private and open office space. Input from employees

⁶⁹“GAO Building Modernization Program.”

led officials to change this to 80 per cent – 20 per cent private and open office space by the time construction began on the first floor to be modernized. Andrews explained that this was due to agreement among Bowsher and other officials that the high number of private offices “was dependent on the agency’s mission and need for project privacy.”

The original plans from 1941 for the GAO headquarters building envisioned a building with wings and courtyards. The recommendation by engineers in the late 1940s that a block style building using air conditioning be constructed instead led to the a new design. The concept was untested and planning officials wondered whether such a structure would prove claustrophobic for employees.

The commissioner of the Public Buildings Administration assured the Commission of Fine Arts in 1946 that, “we hope to overcome the effects of claustrophobia” by having low partitions in the interior space “so that you can see the daylight and landscape, which apparently the doctors say is all that is needed.”

Although the commissioners and engineers gave the go-ahead for a block style structure, some members of the public remained skeptical about the proposal. A concerned citizen wrote to the editors of the *Washington Star* in 1947 about the design. He noted with dismay that employees well might, “spend their entire working lives in such a building” and asked, “Is this humane?”

During the building modernization effort, Bowsher urged Facilities officials to keep in mind the need to create views and daylight. The Comptroller General was committed to providing comfortable space for employees of all ranks. As a result, each major corridor in the building provides open access to windows.⁷⁰

The ability to do meaningful work for the Congress and the nation, career development opportunities, and working in modern, up-to-

⁷⁰“GAO Building Modernization Program.”

date office settings all served as recruiting points for GAO. The Comptroller General established a new Office of Recruitment to develop hiring policy, guidance, and materials; establish criteria for selecting and training recruiters; and implement recruiting plans. He named Frances Garcia to head the new office.

GAO also established a “campus executive” program to assist in recruiting. Senior executives were assigned to various colleges and universities to introduce students to the agency and its mission.



Source: GAO.

Comptroller General Bowsher and Special Assistant to the Comptroller General James Hinchman meet with interns and GAO staff.

Bowsher built on recruiting efforts begun during Elmer Staats’s tenure as Comptroller General. As GAO moved into program evaluation, with its more diverse and complex methodological approaches, Staats had begun hiring staff from multiple academic disciplines rather than concentrating on accounting. Entry-level staff and upper-level new hires came in with backgrounds in systems analysis, actuarial sciences, business administration, economics, mathematics, engineering, social sciences, and computer technology.

The Comptroller General brought in new employees with varied academic backgrounds at various grade levels. GAO's increasingly intensive training programs helped entry-level staff learn the procedures required for GAO's audits and reviews.

GAO's work depended on carefully referenced, fact-based reporting. Milt Socolar observed that a few of the officials brought in from outside were not used to GAO's methods. They:

did not recognize, in the final analysis, the constraints under which GAO operates, particularly as concerns the necessity for firm evidence in support of judgments reached and recommendations made. What they liked to do was put their ideas, based on past experiences, into GAO reports. 'We think this what you ought to do. This is how you ought to approach it.' No necessity for establishing analytical support. . . . I'm not sure that their ideas were necessarily bad. But they were not the ideas that could be floated in GAO reports and moved out . . . [through] report review, because they simply grew out of past experiences without being based upon facts related to the problem addressed.⁷¹

Harry Havens, whom Staats brought in to GAO from OMB, stayed for almost 20 years before retiring in 1993. He played a key role on budget issues and was also a keen observer of GAO's operational and workforce issues.

In 1984, Havens testified on reform of the federal budget process before the Task Force on the Budget Process of the House Committee on Rules. He provided a thoughtful historical and practical overview of budgetary issues.

The federal budget, as enacted in tax, appropriation and other laws, reflects our government's priorities and overall fiscal and economic policies for the coming year. The budget is the

⁷¹ GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994, 68.

sum of the many hard choices that have to be made among competing goals, programs, and interests in our nation—choices about the kinds and levels of services we expect from government and the taxes that will finance such services. These decisions affect the behavior of both the government and the private sector. As the government’s basic financial plan, the budget is instrumental in guiding, managing, overseeing, and making accountable the operations of government agencies and programs. As the government’s chief vehicle for allocating resources, the budget significantly influences the standard of living of individual citizens as well as much private economic behavior, ranging from major corporate investment decisions to the economic decisions of individual families.

Because of the budget’s significance to the nation, the economy, and government operations, how our government goes about making budget decisions is itself significant. Given our budgetary and fiscal situation in the past few years, it is no surprise that the budget process itself has become a topic of considerable interest and debate. Changing how we go about making budget decisions can affect the nature of those decisions, as well as the balance of power between and within the Congress and the executive branch.

He pointed to the importance of better information in reform efforts, noting:

The difficulties experienced by the Congress in its budget process are the most visible sign of some basic, underlying problems in the federal budget process and in the entire federal financial management system. These systemic problems include the lack of good financial information and reporting on the costs and performance of government operations, organizations, projects, and programs. Our current financial management systems are outmoded, and they leave much to be desired when it comes to the integrity, comparability, completeness, and timeliness of information on the operations,

financial condition, and performance of the government. The lack of such information limits government decisionmaking at all levels, including the Congress. In addition, our current financial management system is costly, inefficient and does not take full advantage of modern computer and telecommunications technology.

As an advisor to Comptroller General Bowsher, Havens offered insightful advice on internal GAO operations, as well. He observed that an unusually high percentage of GAO's employees began their careers at the agency and never worked elsewhere.

I think that in some ways that is good because it means you have got a community of understanding and a common culture throughout the organization, or at least most parts of the organization, but it has some disadvantages as well.⁷²

Bowsher, too, recognized the challenges some of the agency's upper-level hires faced:

I think every organization that emphasizes promotion from within and career progression, has a hard time bringing people in from the outside. Arthur Andersen was very much like GAO, so people coming in from the outside had a hard time being accepted at Arthur Andersen. . . . When Elmer started bringing them in from the outside [at GAO], the outsiders had a fairly difficult time here at GAO. When I arrived, some of them had started to prove themselves and were being accepted fairly well.

To a large extent, Bowsher kept in place the existing system of developing executive candidates. He noted in 1996, "The existing concept of selecting SES candidates and training them extensively

⁷² GAO, History Program, unpublished oral history interview, Harry S. Havens, April 20, 1993, 26.

looked quite good to me. It was one thing that I have kept all through my 15 years.”⁷³

There were three types of appointment to the Senior Executive Service: (1) career appointments; (2) Comptroller General career appointments; and (3) non-competitive, limited term appointments. Most members came into the executive corps through merit-based staffing procedures and open competition.

A year before Bowsheer took office in 1981, Congress passed the GAO Personnel Act of 1980. Until then, GAO had no Senior Executive Service, only “supergrade” positions (GS-16 – GS-18). The Personnel Act of 1980 arose in part out of concerns about conflicts of interest. Comptroller General Staats noted in testimony, “GAO is regulated by executive branch-administered programs that GAO must review and evaluate objectively. This situation has a dangerous potential for adversely affecting, and compromising the integrity of, GAO work. Perhaps more importantly, this situation is easily perceived as actually producing such undesirable results.”⁷⁴

During Staats’s tenure, GAO made a number of recommendations for improved personnel management in the government. In 1976, the Civil Service Commission (predecessor agency of the present Office of Personnel Management) initiated a review of GAO’s position classification and management system and practices.⁷⁵ GAO argued that it was difficult to fill its auditing positions from the existing civil service registers.⁷⁶ Changes in GAO’s audit focus,

⁷³ GAO, History Program, unpublished oral history interview, Charles A. Bowsheer, August 29, 1996, 8.

⁷⁴ Statement of Elmer B. Staats, Comptroller General of the United States, before the Subcommittee on Energy, Nuclear Proliferation and Federal Services of the Committee on Governmental Affairs, October 16, 1979, 1-2.

⁷⁵ Letter, Robert J. Drummond, Director, CSC Bureau of Personnel Management Evaluation, to Elmer B. Staats, October 12, 1978, *passim*. Copy in GAO History Program Archives.

⁷⁶ Memorandum, “Assistant General Counsel Rolle Lowenstein [Efros] to General Counsel,” undated copy, internal evidence suggests ca. spring, 1975. Copy in GAO History Program Archives.

from doing mostly financial and compliance audits to performing a broad array of program results reviews and evaluations, complicated the classification situation further.

Rep. James Hanley (D–New York) introduced legislation in 1979 to provide GAO its own personnel system. The proposal for a separate personnel system initially drew a mixed reaction. In introducing the bill, Representative Hanley noted that Comptroller General Staats had worked very hard to develop the new personnel system and that his term would soon expire. “It would be a fitting tribute to his distinguished service as Comptroller General as well as his long and distinguished service to the Government if this legislation can be enacted before his term of office expires.”⁷⁷

The House Civil Service Subcommittee held hearings in July 1979, with Staats and several GAO officials appearing as witnesses. Two GAO employee representatives also testified. The chair of the subcommittee, Rep. Patricia Schroeder (D–Colorado), expressed concern that the legislation was too vague to provide adequate protections for GAO’s employees. (The Congresswoman likened it to “unset jello.”)

Rep. Schroeder asked the chair of GAO’s Career Level Council, “Would you as employee reps like to see more specificity and more things nailed down so the bill doesn’t assume so much goodwill from future management?” The employee representatives noted that they had a “very good working relationship” with Comptroller General Staats.⁷⁸

⁷⁷ Press release, “Representative Hanley Introduces General Accounting Office Legislation,” April 13, 1979, House Committee on Post Office and Civil Service, copy in GAO History Program Archives.

⁷⁸ For the comment about “unset jello,” see “Support Lukewarm for GAO Autonomy,” *Federal Times*, July 23, 1979, copy in GAO History Program Archives. For Rep. Schroeder’s questions during the July 1979 hearing, see Hearings before a Subcommittee on the Civil Service, 96th Congress, 1st Sess, July 20, 1979, Washington: GPO, 1979, 31, 33, as produced in Congressional Information Service microfiche, H621-38, GAO Law Library.

The bill underwent several amendments before being reported out of the House Committee on Post Office and Civil Service in September 1979. As noted in House Report 96-494, the committee intended “to give wide discretion to the Comptroller General in designing the personnel management system.” However, members also noted their intent to “limit the flexibility of the Comptroller General in certain areas.”

The Senate passed the GAO Personnel Act in January 1980 and the House in February 1980. The legislation authorized the Comptroller General to issue regulations for an independent personnel system. GAO received authorization to put in place a performance appraisal system, to establish a Senior Executive Service, and to establish a Personnel Appeals Board. GAO employees were to receive the same basic pay, benefits, and protections as regular civil service employees.

Although the passage of the Personnel Act eased difficulties with job classifications, GAO faced other challenges in managing its increasingly diverse workforce. During the 1970s, some of GAO’s black employees picketed the agency’s headquarters building in an effort to bring public attention to their complaints of discrimination.

Wallace Earl Walker, later Dean of Business Administration at The Citadel, studied GAO’s organizational culture during the late 1970s and early 1980s. In his book, *Changing Organizational Culture: Strategy, Structure, and Professionalism in the U.S. General Accounting Office*, he observed, “The tension manifested by the march of the Black Caucus on March 18, 1971, and widely perceived by outsiders as racism, was at least equally attributable to professional-clerical tension.”⁷⁹ Many of GAO’s African American employees then worked in the Transportation Division

⁷⁹ Wallace Earl Walker, *Changing Organizational Culture: Strategy, Structure, and Professionalism in the U.S. General Accounting Office*, Knoxville: The University of Tennessee Press, 1986, 86.

and Claims Division, which still did voucher auditing of the type the agency had done prior to World War II.

In 1973, several employees of GAO's Transportation and Claims Division filed a class action suit charging discrimination against blacks and women. GAO eventually agreed to a monetary settlement of \$4.2 million, as well as nonmonetary settlement provisions.

Two African American GAO employees, Julian Fogle and Tyrone Mason, also filed lawsuits in 1980 and 1983, charging discrimination in GAO's auditor promotion processes. The Fogle-Mason class action lawsuit was settled in 1985. As part of the settlement agreement, GAO agreed to "adopt a program to educate those persons in grades 13 and above having supervisory responsibility for evaluators [analysts] in their responsibilities under Title VII of the Civil Rights Act of 1964, as amended." GAO also sought to "establish a positive and effective Equal Employment Opportunity/Affirmative Action (EEO/AA) program."⁸⁰

To understand the diversity issues that cropped up in the 1970s and 1980s during Staats' term and early in Bowsher's term, it is useful to look at how GAO recruited the people who became managers during that time period. GAO's recruiting efforts during the 1950s and 1960s had resulted primarily in the hiring of white males. As Roger Trask noted in *Defender of the Public Interest*, because of the demographics of the people who then chose to study accounting in college, there were few women and minorities among accountants working in either the private sector or within the government.

Wallace Walker concluded that GAO had made little effort to recruit women and minorities during the 1950s and 1960s:

⁸⁰ Memorandum, "Assistant Comptroller General for Human Resources (Greg Ahart) and Assistant Comptroller General for Operations (Frank Fee) to Heads of Division, Regions, and Offices," March 11, 1986. Copy in GAO History Program Archives.

Females and blacks were not favored. Some limited experience with both had convinced the recruiters that neither would remain long enough to justify a GAO investment. . .

. Generally speaking, those that satisfied the recruiters were white males of second or third generation ethnic stock. They had come out of working-class homes and were among the first in their families to have received a college education.

Their education was often financed through considerable family deprivation. Consequently these young candidates had secured a practical education which would provide them a secure future. Many of those selected had found accounting to be an uninspiring experience and were, therefore, quite susceptible to the recruiter's pitch that GAO auditing was not limited simply to debits and credits. Candidates were also told that successful GAO auditors were promoted rapidly and had diverse, challenging assignments that called for considerable travel.⁸¹

Walker also observed that some of the impressions:

that were developed during this period when college-level recruiting was initiated have continued to influence the auditors. The recruiters and the candidates they hired were convinced that the GAO was getting the cream of accounting school graduates. The Comptroller General's reports for 1961 through 1969 note the acquisition of 'high quality students, with accounting as their major field of study. This self-image enhanced the auditors' sense of worth and also convinced the more ambitious ones that they needed to work hard. "We've always been told that the GAO hires above average people. So within the Office above average is average. Thus to be above average [and get ahead] one must be superior."

⁸¹ Walker, 70-71.

According to Walker, newly hired auditors soon learned many “unwritten rules.” They were expected to maintain “a professional image and attitude,” which included adhering to a dress code similar to that at public accounting firms. “Other norms were an enthusiastic approach to auditing, tolerance for frequent rotation among assignments, an ability to quickly discover the managerial deficiencies in an agency [under review], and a willingness to work extra hours.”⁸²

Frank Fee, then director of GAO’s Field Operations Division, realized in 1979 that many of GAO’s managers—the accountants hired during the 1950s and 1960s—now had to manage a “new breed of workers.” Did they need exposure to emerging concepts in the field of management science? Fee observed in 1979 that they might.

I realized that we were constantly asking our managerial staff to implement changes, and to manage our work in a different way than the way we managed it when we were coming up through the ranks. Yet, we had not spent the time and money to keep our managers up to date on management thoughts and concepts. At the same time, we were hiring a staff that was educated in modern management concepts. As a result, we experienced difficulty in introducing change and getting our managerial staff to accept it.

Fee concluded that GAO’s managers needed to learn, absorb, and refine skills and new concepts themselves before introducing them to staff. He also believed that managers needed to “have information as to the ‘why’ and a conviction of the merits” of changes, in order to implement them successfully.⁸³

⁸² Walker, 72-73.

⁸³ Memo, “Managerial Training,” Frank Fee to Regional Managers, August 9, 1979. Copy, GAO History Program Archives.

In 1979, Fee sent his Regional Managers a copy of an article, “New Breed of Workers” (*U.S. News and World Report*, Sept. 3, 1979). It described the people then entering the workforce as a group which demanded “good pay, sensitive bosses, meaningful work and satisfying careers—and aren’t content to settle for less.”

Fee viewed the article “as telling me something about the people who are working with us and for us.” He believed that GAO needed to understand its new breed of workers in order to “accomplish the objectives of our organization.” He recognized that in addition to demanding sensitivity to their needs and good pay, young people were willing to accept “greater responsibility” and “accountability.”⁸⁴

Bowsher took charge of GAO 2 years after Fee looked at how the agency was managing its workers. The Comptroller General discussed a wide range of issues with Fee and was open to the type of management concepts that Fee had examined.⁸⁵ Bowsher sought to use new management concepts to enhance the work environment, motivate employees, and ensure fair recruiting, rating, and promotion practices and policies.

In 1986, the Comptroller General established an Office of Affirmative Action Plans, headed by Lowell Dodge. Arnold P. Jones succeeded Dodge in 1990. In 1994, after Jones’s retirement, the office was merged into the Civil Rights Office, which was headed first by Alex Silva, then by Nilda Aponte.

GAO required units to submit affirmative action plans using a “unit-centered” approach to goal setting. A newsletter issued by GAO’s Civil Rights Office noted in 1986 that the “EEO [equal employment opportunity] component of SES contracts will incorporate, by

⁸⁴ Memo, “New Breed of Workers,” Frank Fee to Assistant Regional Manager, New York, November 13, 1979. Copy in GAO History Program Archives.

⁸⁵ See files on interaction with the Comptroller General, Francis X. Fee, ACG/Operations Files, Accession No. 88-18. See also GAO, History Program, unpublished oral history interview, Morton A. Myers, July 18-19, 1994. See also unpublished oral history interviews with Bowsher, 1995-1996, especially January 19, 1996, page 47.

reference, unit goals and timetables. Consequently, unit heads will be evaluated on how successfully they meet their stated goals.”

GAO informed its employee councils that “an individual manager’s SES performance is partially assessed according to how well his/her unit does in entry-level hiring.” In cases where unit hiring goals fell short, the senior executive still could receive a rating of “met expectations” if he/she “demonstrated ‘good faith effort.’”⁸⁶

This was important, as certain aspects of the hiring situation were beyond management’s control. Some units and regional offices had more vacancies, some were affected by demographics in their geographic location, some recruited from a broader array of colleges than others, etc. Executives had to consider for promotion applicants already in the pipeline.

GAO sought to expand the base of potential recruits by turning to a larger number of collegiate institutions. It also examined retention, finding that some employees left GAO for better job opportunities, while others decided the job required too much travel or that they were unsuited for or dissatisfied with the type of work.

During the last years of his term, Staats established an Equal Employment Opportunity Advisory Council, a Women’s Advisory Council, and an Advisory Committee on the Handicapped. He also started a concentrated recruiting effort to bring in more women and minorities. When Bowsher came in, minorities could be found throughout a wide range of grade levels, although there were few above GS-14. In 1980, shortly before Staats established a corps of senior executives, the supergrades had 7 women or minorities out of 95 positions.⁸⁷

⁸⁶ “Civil Rights Report,” Newsletter of the Civil Rights Office, U.S. General Accounting Office, April 1986, 1. See also “Civil Rights Report,” July 1985, 1. Copies in Public Reading Room, Treatises Room, GAO Law Library.

⁸⁷ Roger Sperry, *GAO: 1921-1981*, Washington: GAO, 1981, 194, 206.

Shortly before Staats left office, the director of the Program Analysis Division, Harry Havens, brought Eleanor Chelimsky in to GAO to head a program evaluation effort. She later became Assistant Comptroller General, Program Evaluation and Methodology Division.

GAO's division directors periodically met as a group, with a secretary taking notes. Morton A. Myers, deputy director of PAD, recalled the meeting around 1980 at which Havens was to introduce Chelimsky to the directors. One of the division directors "walked over and introduced himself to Eleanor and asked . . . whose secretary Eleanor was. I nearly died right in front of Eleanor, right on the spot."⁸⁸

Elmer Staats observed that GAO did quite well in its efforts late in his term to increase the number of women in managerial ranks, but still had some work to do to increase opportunities generally for minorities. The mix-up of over her introduction to GAO notwithstanding, Chelimsky played a major role in GAO's program evaluation effort until 1994.

Toward the end of his time in office, the Comptroller General decided to decentralize the program evaluation function. From the time he came to GAO in 1981, Bowsher considered how best to use GAO's analytical and evaluative experts. The Program Analysis Division had a close association with the previous Comptroller General, Elmer Staats, whose background was as an economist.

When Bowsher took over, he took a different view of the areas handled by PAD. He did not see a need for a functional unit set up along a generic (rather than a topical) issue area. Bowsher abolished the Program Analysis Division in 1983 and placed some of its functions in PEMD. In his last year as Comptroller General, Bowsher abolished PEMD, dispersing its evaluative and methodological experts throughout the operating divisions in 1996.

⁸⁸ GAO, History Program, unpublished oral history interview, Morton A. Myers, 71.

Frank Fee, GAO's Assistant Comptroller General for Operations from 1982 to 1986, described the impact of Bowsher's effort to ensure that women and minorities received equitable treatment in promotions. "We occasionally had some problems when it was perceived that someone was promoted to a GS-13 or a GS-14 position in the regions or a GS-14 or a GS-15 position in Washington because the individual was a woman or a minority."⁸⁹

Mort Myers believed that Fee and Bowsher put a lot of thought into personnel moves as they considered how best to achieve their vision for GAO. This included selection of officials to serve as managers of GAO's regional offices. Myers, whom Bowsher named to serve as Regional Manager in Boston, found that when he arrived in 1983, there were no minority GS-13s or GS-14s in the office. During his tenure, Valeria (Val) Gist, a female African American, became the first minority to receive a promotion to GS-13 in the Boston office.

She later came to Washington and won promotions within the National Security and International Affairs Division and OP. She also worked for several years as a Band III (GS-15) advisor in GAO's OCR. Val Gist's selection for promotion to a mid-level position in Boston was deemed noteworthy in the early 1980s. By the time she retired in 2007, a number of GAO's management-level auditors were African-American women.

Fee believed that occasional questions about promotions for minorities were, "just something we had to deal with. We always knew we had the support of senior management of the Office in doing so, so we were able to carry it out." According to Fee, GAO sorted out the issues "reasonably well."

⁸⁹ GAO Publication, oral history interview, *Regional Offices and the Field Operations Division Interview With Francis X. Fee, Walter H. Henson, and Hyman L. Krieger*, conducted December 14, 1989, published as GAO/OP-15-OH, 1990.

Milt Socolar described how Bowsher changed recruitment efforts:

. . . affirmative action, up until that time, was pretty much a matter of going to Howard University and one or two other black colleges looking for talent—and it was primarily black, rather than Hispanic or Asian. As a matter of fact, Chuck stressed the recruitment of Hispanics, Asians—the full range of minorities. It was Chuck’s desire to have first-rate, quality people at GAO as a microcosm of the society at large. He thought that a diverse population at GAO was important. With this new recruiting effort, greater numbers of minority students at the various universities were contacted, so a much greater range of talent became visible to GAO people, which, in turn, helped a great deal in improving the diversity of GAO’s profile.

He added, “Bringing women into the organization was the most successful aspect of the whole affirmative action effort.”⁹⁰

The Personnel Appeals Board reported these percentages in GAO’s workforce at the end of FY 1996, Bowsher’s last year in office:

White Male	44.94%
White Female	27.18%
Black Male	5.52%
Black Female	14.84%
Hispanic Male	2.20%
Hispanic Female	1.53%
Asian Male	1.50%
Asian Female	2.05%
Other Male09%
Other Female14%

⁹⁰ GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994, 125-126.

Increasing numbers of women and African Americans entered the pool of managers eligible for promotion to senior executive. Judy England-Joseph, Frances Garcia, Donna Heivilin, Helen Hsing, Sally Jagger, Joan McCabe (later Dodaro), Nancy Kingsbury, and Janet Shikles were among the women who achieved the rank of senior executive. Clarence Crawford, Arnold P. Jones, John Luke, Benjamin Nelson, and Jacqueline Williams-Bridgers were African American evaluators who served as members of the SES during Bowsheer's term.

From 1978 to 1995, Williams-Bridgers worked at GAO, where she became a senior executive in 1992 and served as associate director in the housing and community development area. She left GAO in 1995, when she became a presidentially-appointed, Senate-confirmed Inspector General at the Department of State.⁹¹ Williams-Bridgers later returned to GAO and, in 2008, served as Managing Director, International Affairs and Trade.

By the end of Bowsheer's term, Luke was GAO's highest ranking human resources official. He played a key role in a number of personnel and organizational issues. He was also a founding member of GAO's chapter of Blacks in Government and served as its President during 1981-1982. Luke retired in 2001. After his death in January 2005, GAO established the John Henry Luke Mentoring Award in his honor.

A review of the composition of senior executives between 1992 and 1997 (1 year after Bowsheer left) found that the number of women in GAO's SES corps more than doubled between 1992 and 1997, rising from 14.8% to 31.5%.

Women experienced the largest gain of any group during the study, capturing 40% of all appointments to the SES during

⁹¹ See biography, Jacqueline Williams-Bridgers, GAO Internal Website, https://gaoport1.gao.gov/gallery/album65/DanaInfo=.aiovue1kiHpkzLt2-+jacquelyn_williams_bridgers as of October 2008.

"Senate Approves Two Black Women for Major Positions on Federal Government Agencies," *Jet*, May 1, 1995.

the five year period under review. They constituted 26.8% of the eligible employees and now make up 31.5% of the SES corps. African American employees as a group also made gains in appointment to the SES during the study period, although the success rate of African American males nominated to the ECDP [Executive Candidate Development Program] was below that of both white males and African American females.

Of the 75 appointments to the SES under review (pursuant to all selection processes discussed above), 10.6% were filled by African American candidates; African American employees constituted 6.9% of the GAO pool of eligibles. African Americans now comprise 7.3% of the SES at GAO. Although no Hispanic employees were appointed to the SES during the study period, they comprise 3.2% of the current GAO SES, compared to 2.1% of the 1995 pool of eligibles. The success rate of Asians mirrored their representation in the pool of eligibles.⁹²

Bowsher looked for ways to strengthen the leadership cadre and to use it effectively. He praised his predecessor, Elmer Staats, for focusing GAO's work on issues of interest to Congress "so that something would actually happen when GAO issued its reports." Bowsher found that this was "awfully important" and wanted to build on that. "In particular, I tried to align our 35 issue areas with the right leadership on the Hill." As to his top managers, Bowsher found that:

During my 15 years, I was able to significantly strengthen the leadership of GAO through that SES promotion system. GAO had about 120 slots under the SES, which I treated like a partnership to select the very best people for key positions—35 of those headed up the issue areas, such as agriculture, education, environment, health care, major weapons systems at the Pentagon, and so forth.

⁹² Personnel Appeals Board, "Selection Into the Senior Executive Service at GAO (1992-1997)," September 30, 1998.

Bowsher ensured that his senior managers, rather than just he, had opportunities to assist the Congress by testifying at hearings. “When Elmer started as Comptroller General, GAO only testified before Congress about 15 times per year and the CG did all of it. By the end of his term, those annual testimonies exceeded 150 with participation by the 12 division directors. By the end of my term, we were testifying more than 300 times per year, with a lot of that done by the heads of the 35 issue areas.”

GAO testified before congressional committees more than any agency except for the DOD. Bowsher observed that, “We were a relatively small agency, but we were annually generating 1,000 to 1,500 reports and testifying 250 to 300 times, so we had a great deal of visibility by leveraging the talents of our top people. The top people at GAO are first-rate professionals and they really set the tone for the agency. They can analyze complex issues, testify before Congress, deal with the national press, and give speeches to a wide variety of audiences—they are comparable to the top partners at the major accounting firms and consulting organizations.”⁹³

⁹³ Donald E. Tidrick, “The Comptrollers General of the United States and a Conversation with the Surviving CGs,” June 2006, Bowsher interview conducted in 2005, 19.

7. Pay for Performance

Shortly before Bowsher took charge of GAO, the agency began a Personnel Systems Development Project in May 1981. In December, Bowsher informed employees that, “developing a new personnel system is a high priority of mine.” He established a steering committee headed by Phil Bernstein which reported directly to the Comptroller General. He noted that, “it is essential that those affected by the system be actively involved in its development.”

Bowsher cautioned staff that, “we will probably do research on different options, many of which may or not be part of the final plan. So, do not let rumors of our personnel research efforts scare you simply because we are investigating the pros and cons of various ideas. In the meantime, I am counting on you to support our existing personnel systems.” At that point, he already had started visiting various offices at headquarters and in the field.

He explained, “I plan to talk to many of you as I visit the various divisions and offices over the coming months. This will enable me, firsthand, to know of your concerns and build them into our system.” He acknowledged that personnel issues can be difficult and thanked employees for their “support and patience.”⁹⁴

As part of Bowsher’s effort to attract and motivate top talent, GAO developed a plan to implement a pay-for-performance (PFP) compensation system for its evaluator and evaluator-related staff. GAO first began considering PFP and broad banding of staff in 1984. In 1985, it incorporated initial comments into a paper, *Pay for Performance: An Alternative for the Future*. This presented three alternatives:

1. a broad-banded PFP model, modified to respond to staff concerns received during 1984-1985;

⁹⁴ Memorandum, “Personnel Systems Development Project, Comptroller General to Each Member of the GAO Staff,” December 11, 1981, Accession No. 88-18, ACG Operations Frank Fee, Notebook, CG Memos, 3/15/81-12/30/81.

2. a PFP model retaining the GS structure, patterned on the executive branch Performance and Management Recognition System (PMRS); or
3. a model similar to PMRS but modified to meet GAO's needs.

GAO distributed the paper to all evaluators and evaluator-related staff. Some evaluators expressed a number of concerns about potential effects on status:

A staff member's GS grade is perceived, and properly so, as a mark or symbol of career achievement, as such, a part of the present rewards structure, somewhat independent of the salary level associated with the grade. . . . the sense of 'loss of status' was especially sharp on the part of GS-14 [evaluators] who would be initially placed in Band II together with GS-13s with no assurance of achieving Band III statusQuite a number of comments expressed the view that promotions represent a badge of achievement, quite apart from their salary effects, and accordingly a lessening of the number of levels to which a person might be promoted would have the effect of diluting the overall rewards system.

However, the paper noted the hope that, "Offsetting the possible reduction in 'psychic income' from fewer promotion levels would be the reward effect of annual pay adjustment/bonus opportunity based on evaluated level of performance."

In 1987, Comptroller General Bowsher explained his goals to Congress as he testified on GAO's budget:

We have concluded that it would make a lot of sense to institute pay for performance and what we call a broad banding concept Under broad banding, we would be able to develop a more cohesive team approach to the work we do without being constrained by hierarchical restrictions of the current general schedule system.

James Meissner, Assistant Regional Manager, Cincinnati, led the planning effort for pay for performance. Ira Goldstein, Joan McCabe, Rosslyn Kleeman, David Thompson, and Gil Fitzhugh played key roles in the initiative, which Bowsher explained to top executives in 1987. Starting in 1983 and continuing into the early 1990s, GAO's officials (senior executives and GS-15-level managers) met in yearly management conferences. At the 1987 conference, Bowsher told the executives that PFP would enable GAO to better attract and retain top performers. He initially expected it to become effective in 1988, but implementation for evaluators and for attorneys did not take place until 1989.⁹⁵

Debra McKinney, Chair, GAO's Mid-Level Employees Council, testified at GAO's oversight hearings in 1993 that many employees appreciated the opportunities to move to higher pay levels within bands and that data showed that staff were "somewhat better off financially under this system." But she added, "Even those staff who have been rewarded under PFP have reservations about its merits because of the subjectivity of the system," especially since performance categories had "artificial limits" on the number of staff being recognized:

. . .the issue is not really one of money but of recognition. The loss of personal and professional esteem through this de facto ranking process has made losers out of winners. Moreover, ranking employees tends to undermine the sense of teamwork when members compete with one another for merit pay and bonuses which conflicts with the tenets of quality management.⁹⁶

⁹⁵ Memorandum, "Ira Goldstein, Assistant Comptroller General for Operations, to Deputy and Associate Directors," May 2, 1988; Memorandum, "Goldstein to All Evaluator and Evaluator Related Staff," June 8, 1989; Memorandum, "Goldstein to All Attorney and Law Clerk Staff," June 8, 1989; copies in GAO History Program Archives.

⁹⁶ Oversight of the General Accounting Office, Hearings Before the House Committee on Government Operations, October 28, 1993, Congressional Information Service GAO Law Library, Microfiche H401-42, 215-216.

As part of GAO's quality management effort, Bowsher sought feedback on GAO's work environment, processes, and personnel initiatives. During the last years of his tenure, GAO used communications surveys to find out how employees felt about a range of questions, among them PFP. Gil Fitzhugh, who had worked on options for implementing PFP, explained in 2001:

“By 1992, 4 years of Employee Attitude Surveys and anecdotal evidence had indicated that PFP in general, and bonuses in particular, were less than a smashing success. While 48% of the staff liked the permanent salary increases, only 43% liked the bonuses. More telling, only 25% of the PFP staff wanted the PFP system to be continued.”

Similar to other agencies that moved to pay for performance, GAO had to consider questions as to how to distribute bonuses. Should large bonuses go to a smaller number of employees or smaller bonuses to a larger group? Some experts say these issues are not easy to resolve. Twenty years after GAO first studied PFP in 1984, Robert D. Behn, a Harvard professor, pointed to the challenges that federal departments and agencies face in moving to performance pay systems: “To create a pay-for-performance system that actually motivates—that does not demotivate everyone—you have to get a lot of the details very, very right.”

Behn observed that, “money is not the only or the most important motivator for people who take up public service. Most people do not choose to work in government ‘to maximize their income.’” Steve Barr, the *Washington Post*'s columnist on workplace issues, noted in 2004 that Behn believed that managers faced difficult choices in implementing PFP:

Too often, government limits the number of performance-based raises to 20 percent or 25 percent of employees. But, Behn asks, “what if the supervisor has recruited a high-performing team? Should only 20 percent be eligible? Does

this suggest that, if you want to win a pay boost, you should choose to work on a low-performing team?" Regardless, Behn writes, if only 20 percent can receive a performance raise, that means 80 percent "will be automatically labeled losers." And the 80 percent, he says, end up being depressed.⁹⁷

As GAO's budget outlook tightened, the agency had to stop awarding bonuses to evaluators after 1992. Mission staff whose work was rated acceptable or better did continue to receive annual salary increases. Fitzhugh found that overall, "The new system produced more flexibility in rewards. Under the GS system, in-grade increase were 3.3 percent of the base salary of the grade, regardless of individual performance. Under GAO's system, salary increase ranged from 0% to 6% of band-base salary, depending on an individual's relative performance and position in the salary range. In addition, the bonuses available for the first 4 years of PFP provided a great deal of additional flexibility."

Fitzhugh acknowledged that employees and managers voiced concern about GAO's initial decisions on how to handle cut lines and pay category placements. GAO listened to the feedback and adjusted the processes during the early 1990s.

In 2001, Fitzhugh observed that PFP seemingly played a part in keeping many high performers at the agency. The prospect of getting higher pay increases also appeared to have a positive effect on recruiting. "During the first 4 years of PFP, we tracked retention and attrition, and found that we were getting more staff with advanced degrees, and higher grade point averages."⁹⁸

⁹⁷ "Pay-for-Performance Salary Systems Prompt More Questions Than Answers," Stephen Barr, *The Washington Post*, January 7, 2004.

⁹⁸ GAO electronic document management system doc. #715179-v.1-GILLS-Banding-History, created May 2, 2001 by Gil Fitzhugh, sent to historian Maarja Krusten by Helen Hsing on 6/2/2003.

8. Re-Establishment of GAO's Investigative Function

Rep. Brooks's 1985 letter to the Comptroller General led to changes in GAO's organization as well as to its personnel and processes. Bowsher established a task force to examine the possible establishment of an investigative office within GAO. Asked if this was in direct response to Rep. Brooks' criticism of GAO's work, Bowsher said it fit with Brooks's desire for more investigative work. He added, "I had been thinking about that. I really was disappointed with the capability of our investigative groups. We really didn't have any trained investigators."

He explained, "So I used the Brooks letter to move forward on this issue, and get some well-trained people. I organized a task force, headed up by Chuck [Charles L.] Dempsey [former Inspector General at HUD], which helped us determine what we needed."

The history of investigations at GAO falls into two distinct time periods. From 1922 until 1956, employees worked out of an investigative unit headquartered in Washington, DC. During the 1930s and 1940s, investigators increasingly worked in the field, as well. Much of the work of the early investigators was similar to work then done by GAO's auditors.

The investigative unit faced questions about its competence after World War II, as GAO shifted from detailed examination of vouchers to more comprehensive auditing of the economy and efficiency of government operations. Comptroller General Joseph Campbell abolished the investigations unit in 1956, after a congressional committee found errors in one of its reports. Investigative work received little attention at GAO for the next 30 years.

Bowsher believed that Comptroller General Elmer Staats, who took charge of GAO 10 years after Campbell abolished the office, was not inclined to re-establish an investigative unit.⁹⁹ However,

⁹⁹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, April 12, 1996.

Staats did seek to increase the agency's responsiveness to Congress. In 1979, Staats established GAO's first Hotline, which helped to trigger renewed interest in investigations.

By the 1980s, a number of "the more investigation-oriented chairmen, such as John Dingell and Jack Brooks," were pointing out the need for GAO to be doing more investigative work, in addition to broad reviews seeking systemic causes for management failures.¹⁰⁰

Bowsher set up a task force headed by Chuck Dempsey to examine the usefulness of establishing an investigative unit in GAO. The task force was charged with suggesting the boundaries and limitations of an investigative office, how it should function, how it should be staffed, and the kinds of skills that would be needed. The task force made recommendations for the creation of an investigations office on a limited test basis with a relatively small staff (some 30 people).

Bowsher established a new Office of Special Investigations (OSI) within the OGC in 1986. He said, "I've never thought it should be too large of a unit in GAO. In other words, I think the pay-off from investigations, by and large, is not big, in terms of dollar savings. But I think an audit organization in the government has to have some kind of investigative capability. When you think there's fraud, or criminal wrongdoing, you really need that capability to go after it, with some real specialists."

Establishment of the investigative unit reflected an effort to provide greater services to the Congress. Socolar observed in 1994 that:

Chuck's aim, I think, has been to mesh some of that investigative expertise and talent with the ongoing work of GAO so that the audit work, in addition to dealing with systemic problems of management or recordkeeping and that sort of thing, would have a greater ability to recognize where

¹⁰⁰ GAO, History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994.

instances of fraud might exist and how to bring those to a point where they could be turned over to the Justice Department for prosecution. A lot of that thinking stems from some of the frauds that had occurred in government that GAO had either missed or with regard to which we had not played a significant part.

Our reports on HUD, for example, talked about the possibilities for fraud and the looseness of the recordkeeping, but we did not get into an actual examination that would have disclosed real ongoing fraud.

The Office has been extremely useful. It has done some investigations of fraud and brought those to the attention of the Justice Department and obtained criminal convictions.

. . . . OSI has done some remarkable things, I think. One was the development of a compendium of sources within government through which information can be obtained in connection with a broad spectrum of investigations. It turns out that this reference work has been very much a best seller throughout the government. Nobody to that time had put together that kind of compilation.¹⁰¹

Views differed inside and outside GAO over the years as to where the investigative unit should be placed within the agency and how its officials should operate. The National Academy of Public Administration (NAPA) weighed in on the matter in 1994. Socolar explained in an interview that same year that:

. . . the more our audit people are aware of the kinds of things that can be done by OSI, the better it is for there to be a close tie than a complete separation, given audit division involvement in agency affairs across the board and their overriding agenda for the whole government.

¹⁰¹ GAO, History Program, unpublished oral history interview, Milton J. Socolar, August 18, 1994.

The same thing is true with regard to OGC. At one time, OGC was very much separated from the audit divisions, and the office lost a lot by not having those closer relationships. What you wouldn't want to see happen, though, is to have the expertise of the investigator wind up being subsumed by the audit divisions in a way that would cause the investigator to become just another auditor doing the same kind of work that the audit division is doing. I think that that's being carefully watched.¹⁰²

In training and assigning auditors, GAO had long grappled with how to integrate specialists into its audit divisions.

In October 1986, Bowsher named Dave Williams, previously with the Department of Labor's Office of Labor Racketeering, to head OSI. GAO quickly began staffing up the new office, bringing in 11 new investigators at the beginning of December 1986. Williams explained that, "investigations have a narrower focus than GAO's traditional audits." He noted that investigations provide specific answers to specific questions, usually concerning possible violations of criminal law or federal regulations. Williams recruited individuals with varied experience. His investigators had backgrounds at the Federal Bureau of Investigations, the Secret Service, Treasury, and the Department of Labor.

GAO initially set up OSI with four teams of three members each. Williams announced in December 1986 that he planned to add a GAO auditor with investigative skills to each of the teams. The OSI also had a four-member Office of Research and Analysis and a Policy and Procedures unit. GAO transferred the fraud Hotline to OSI. It had operated out of the Accounting and Financial Management Division (predecessor to the present Financial Management and Assurance team) since its establishment in 1979.¹⁰³

¹⁰² GAO, History Program, unpublished oral history interview, Milton J. Socolar, August 18, 1994.

¹⁰³ GAO *Management News*, December 8-12, 1996.

In 1990, Richard G. Stiener, chief of U.S. Interpol, joined GAO, replacing Dave Williams as head of OSI. Milt Socolar observed that:

When Dick Stiener came on board, he understood what the Comptroller General’s desires were, and he had the kind of personality to work well with the division directors. . . Very soon after coming on board, Dick began to make the kinds of connections with the divisions that ultimately led to investigative types being housed out in the field.

Dick was . . . attuned to the concept of investigators as an adjunct to GAO’s mainstream audit work rather than serving uniquely as an investigative force within GAO.¹⁰⁴

Stiener noted of OSI in December 27, 1990 that, “In the past, most of our work responded to congressional requests, and we did little advance planning of work.” He anticipated an increased workload over the next few years. This was due in part to recommendations of a second investigations task force and Bowsher’s mandate to integrate GAO’s investigative function.

The task force found in 1989 that OSI’s mission and role were unclear and that it needed clearer investigative authorities. Members also pointed to the need for “better decisions” on the staffing mix, more issue area coordination, and improvements in product quality. The task force also called for greater attention to Hotline staffing.

In response to the task force’s recommendations, OSI established procedures to coordinate its work with audit divisions and set up a detailee program for evaluators. It also established investigative units in GAO’s regional offices, set up a central focal point for reporting possible fraud, and expanded training and education in fraud detection and investigative methods and resources.

The task force recommended that OSI better define itself as an investigative unit that responds to congressional requests. OSI

¹⁰⁴ GAO History Program, unpublished oral history interview, Milton J. Socolar, July 13, 1994.

responded that four investigative teams would make specific inquiries. The teams were: Major Crimes, Defense and National Security, Procurement and Environment, and Program Fraud. Staffing consisted primarily of criminal investigators augmented by evaluators and detailees. OSI's Enforcement Review team would review specific law enforcement issues and conduct inspections of investigative offices. It would not duplicate divisions' capabilities to conduct broad reviews.

In reviewing the task force's recommendations, Stiener noted that OSI would continue the current practice of detailing investigators to congressional committees. "However, it is difficult to carry out our investigative responsibilities when we are providing as much as 20% of our staff to the Hill for details." He recommended that GAO consider limiting details to bring them more in line with the 10 percent overall level for divisions.

The task force also looked at OSI's reports and supporting documents. It recommended that OSI improve its case files, issue a special agents handbook, ensure that reports included conclusions (when appropriate), and re-examine the current policy for restricted reports. The study recommended adoption of a Results In Brief approach to OSI's reports, greater precision in the Objectives, Scope and Methodology section of the reports, and implementation of quality controls.

In 1993, Bowsher made OSI an independent organization reporting directly to the Comptroller General. He announced that when OSI was created in 1986, it was placed within the OGC in order to have a source of operational support. "Since that time, OSI has become a fully functional component of GAO."

Although OSI was better integrated into GAO by 1993, top management still felt the need to explain the work of the unit:

"Both evaluators and investigators review federal program and activities, but evaluators look at programs from a broad perspective while investigators are more narrowly targeted, focusing on a

specific allegation of wrongdoing." As to results, "Both generally use the same information—reviewing records and conducting interviews—but use the results differently. Evaluators use the information gathered to support findings on which they base conclusions and recommendations; investigators use the information to prove, disprove, and/or explain allegations."¹⁰⁵

Also in 1993, OSI proposed developing a core investigative group associated with GAO's New York Regional Office. Stierer noted that "regional investigative operations, coupled with detailees from the divisions, are the most efficient way to maximize use of the skills of the investigator and the issue-area expertise of the evaluators."¹⁰⁶

After initially establishing a core group in New York, OSI planned to develop the concept with other regional offices. However, during 1995-1996, GAO took a significant reduction in its budget. The budget cuts led to a Reduction in Force (RIF) at GAO as well as some office closures. The New York Regional Office initially was administratively combined with Boston, then closed.

In looking back at the period between 1994 and 1997, an internal GAO newsletter noted in 1997 that, "Over the past three years, half of OSI's work has resulted from indicators arising from work being done by GAO evaluators and auditors, many of whom have received training in fraud detection developed by OSI."¹⁰⁷

OSI's assignments were wide ranging. Investigators worked with GAO's operating divisions and with agency inspectors general on issues such as fraud in Medicare claims, theft of small arms parts, document fraud, payroll and contracting abuses, and prescription drug diversions.

¹⁰⁵ GAO *Management News*, July 12-16, 1993.

¹⁰⁶ Memorandum, "Richard C. Stierer, Director, OSI, to William J. Gainer, Director, Office of Program Planning," October 8, 1993. Copy in Charles A. Bowsher collection, Box 198, GAO History Program Archives.

¹⁰⁷ GAO *Management News*, September 15-19, 1997.

9. Looking at the Big Picture

Bowsher believed GAO should expand its work and product line in order to increase its usefulness to Congress and the nation. He looked for new product lines that would allow GAO to move beyond narrowly defined audits.

In 1984, GAO issued the first in a series of General Management Review (GMR) reports on executive agencies—GAO/RCED-84-9—which covered Housing and Urban Department (HUD). The GMR approach grew out of a task force chaired by Richard Fogel, Assistant Comptroller General (General Government). After setting up the General Management Studies Group in 1981, GAO tested the review approach in 1983 with studies of the Federal Emergency Management Agency (FEMA) and what was then the National Archives and Records Service (NARS).

GAO issued a report on FEMA but not on NARS. The Archives study may have been discarded because it used “too much of a textbook approach,” which “did not address limitations on the agency stemming from the environment in which it operated.”

Drawing on the work of the study group and the lessons of the test reviews, GAO decided that its management reviews should look at overall policy and planning development, financial management, information resource management, procurement, personnel and productivity management, and audit and evaluation efforts. Staff had to place these seven elements into a reliable and usable framework because GMRs provided a “big picture” view beyond the scope of specific program reviews.

In 1990, Fogel informed Bowsher that GAO found it difficult to get and sustain attention for general management concerns from changing political appointees and the Congress. Fogel pointed out that there was no easy solution to the problem of sustaining agency action because “the environment at the different agencies is too

situational.”¹⁰⁸ Although he recognized some challenges in doing the reviews, as he looked back on the GMRs in 1996, Bowsher said the work reflected “a good effort.” He singled out Gene Dodaro and Helen Hsing as key contributors to that effort.¹⁰⁹

Having gained experience with the GMRs, GAO considered how best to present a useful overview of executive agencies and departments as Reagan left office after two terms as president. Bowsher and his senior advisors consulted with a number of former government officials on how to bring critical issues to the attention of the incoming administration. At GAO’s 1987 annual management conference, managers viewed a video, *Preparing for 1989: The New President and the New Congress*. This presented the views of a bi-partisan group of former governmental officials: Arthur Flemming, Stuart Eisenstat, Lawrence Gibbs, Elliot Richardson, Richard Schweiker, Charles Baker, and Melvin Laird. The speakers recommended that GAO issue overview reports, which came to be known as the “Transition Reports.”

Before releasing its overview reports, GAO also consulted with some members of the Congress and with senior advisors in the presidential campaigns of Republican George H. W. Bush and Democrat Michael Dukakis. Officials in both campaigns said they would find such reports useful. Beginning in November 1988, GAO issued 26 transition reports addressed to the congressional leadership, to the president-elect, and to Cabinet designees in the incoming Bush Administration.

The reports were based on previous GAO work, including financial and performance audits and the GMRs. They covered

¹⁰⁸ See memorandum, “Mr. Fogel to Mr. Bowsher,” March 29, 1990, and associated briefing materials provided by Maarja Krusten to Comptroller General Charles A. Bowsher, April 1996, copies in GAO History Program Archives. Materials include listing dated May 8, 1991 of General Management Reviews. See article, “GMRs: Three Managers’ Perspectives,” which is published discussion among Charles Bowsher, Richard L. Fogel, Dorcas L. Hardy, Terence C. Golden, and Dennis E. Whitfield, *The GAO Journal*, Fall 1988.

¹⁰⁹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, April 12, 1994, 25.

100 programmatic, management, financial, and policy issues that were (1) unresolved, (2) of major importance, or (3) needed immediate or sustained attention. Some covered government-wide subjects, such as the budget deficit, revenue issues, public service, international trade, the financial industry, information technology, financial management, and program evaluation. Others were agency-specific, covering the Cabinet departments and selected agency issues.

At the Comptroller General's direction, the reports were written in a readable, unambiguous style in order to be useful to incoming members of government. Harry Havens prepared the first report, which was on the budget deficit, and viewed it as a writing model for the series. The goal was to use a readable style of writing, as free as possible of what Havens called "GAO style verbiage" and jargon.¹¹⁰

The budget report noted that unless the government resolved the budget deficit, it would hamstring efforts to achieve other vital policy goals. The budget transition report was direct and explicit in laying out the problems. Havens pointed out that the sequestration efforts embodied in the Gramm-Rudman-Hollings deficit reduction legislation had not been effective. The budget report also noted that freezing spending, the approach advocated by the incoming Bush administration, was unlikely to work. It also raised questions about some of Michael Dukakis's recommendations.

While the reports were intended to help the Congress and executive officials focus on important issues, some critics complained about a perceived move by GAO into policymaking. The report dealing with the budget deficit drew the most attention.

The *National Journal* reported in 1993 that, "Republicans vigorously attacked the report, which stated that additional revenues are probably an unavoidable part of any realistic strategy

¹¹⁰GAO, History Program, unpublished oral history interview, Harry S. Havens, April 13, 1993.

for reducing the deficit.”¹¹¹ According to Bowsher, not only did the budget report not endorse an increase in taxes, GAO worked carefully on the wording to avoid giving that impression.¹¹²

Bowsher saw it as his obligation to speak up on issues such as the deficit if it was to “reduce federal flab.” He said, “You can’t just sit back and not speak up when you see financial problems coming down the road. It’s up to us to give a complete picture of what we think. That sometimes gets you into policy questions.”¹¹³ An observer who interviewed the Comptroller General noted of his approach, “In Bowsher’s judgment, GAO has a responsibility to peddle reality; everyone’s time is wasted if certain aspects of a problem are deemed off-limits.”¹¹⁴

The press, by and large, praised the endeavor. John Heilemann of *Washington Monthly* noted that criticisms of the Transition Series said a great deal about Washington, a city that “expects government agencies to write in euphemisms. Here was Congress’s watchdog doing its duty—and the sound was so unfamiliar that no one knew what to make of it.”¹¹⁵

Hobart Rowan, a Washington pundit, also applauded Bowsher, writing in the *Washington Post* (April 4, 1991) that, “he follows in the courageous, keep-’em-honest, tradition of other GAO heads.” Rowan added, “much has been written . . . of the economic downside of the Reagan legacy. But the nation is lucky for the process that produced an independent boss to carry on GAO watchdog traditions.”

¹¹¹ “Their Turn,” *The National Journal*, October 23, 1993, 2536.

¹¹² *CQ Weekly Report*, July 27, 1991, 2047.

¹¹³ “Embattled GAO Fights Back,” *CQ Weekly Report*, July 26, 1991, 2050.

¹¹⁴ *Getting More Bang for the Buck: The Tenure of Comptroller General Charles A. Bowsher*, by Justin P. Oberman, B.A. Thesis, Wesleyan University, Middletown, CT, April 1996, Oberman, 137.

¹¹⁵ “Congress’s Watch Dog: Mostly It Still Goes for the Capillaries,” *Washington Monthly*, November 1989, 38.

At the request of House and Senate leaders (both houses of the Congress were then still controlled by the Democrats), GAO in 1992 issued a second series of Transition Reports. At the same time, it issued the first in a series of High Risk reports.

The 1992 High Risk reports focused on areas or programs vulnerable to waste, fraud, and mismanagement, such as the Bank Insurance Fund, guaranteed student loans, Medicare claims, and defense contract pricing. Lauded by members of the Congress, the High Risk series has provided valuable information for the legislative branch and executive departments.

A 1994 study of the GAO by NAPA suggested that GAO consider the perceptions that surrounded overview reports linked to changes in administration. GAO continued to provide information useful during changes of administration but in different formats.

GAO noted in 2008 that, “The transition series evolved into the ‘performance and accountability’ series in 1996 and an Internet-based site in 2000. The transition effort also includes the high-risk report, which was first issued in 1990 and has been updated every two years at the start of the new Congress.”¹¹⁶

¹¹⁶ GAO *Management News*, September 15-19, 2008.

10. The Broad Scope of GAO's Reports

From 1981 through 1992, the White House was in Republican hands. The Democrats were the majority in the House of Representatives for the first 13 years of Bowsher's term, and the Republicans were the majority in the Senate from 1981-1987. From 1988 to 1994, both houses had Democratic majorities.¹¹⁷ During Bowsher's term, the number of GAO reports issued at the request of the Congress increased. In its blue-covered chapter reports, GAO's evaluators examined a broad range of issues, from missiles to medicine, from inventory control to arms control, from outer space to the inner city.¹¹⁸

While GAO addressed many of its reports to committee chairmen, it viewed the American people as a beneficiary client. Bowsher explained his views on stewardship in a speech to the Institute of Internal Auditors on March 29, 1993:

Whether its business or government we're talking about, accountability is essential because it enforces standards of responsible leadership. Responsible leadership creates trust. And the public's trust is crucial to any business or government enterprise that wants to survive and flourish. Corporations depend on the public's willingness to invest money in them. The government depends on the public's willingness to abide by the law, go to the polls, and pay taxes. These things, too, constitute an investment. Just as private investors are shareholders in corporations and have a stake in holding executives accountable for their performance, American citizens are shareholders in their government and have a stake in holding their elected officials accountable for the way they govern.

¹¹⁷"Party Division in the Senate, 1789-Present," U.S. Senate, History Office, Art & History website, http://www.senate.gov/pagelayout/history/one_item_and_teasers/partydiv.htm

¹¹⁸GAO 75th Anniversary Video, *GAO: A Proud Heritage*, script by Maarja Krusten, 1996. Similar but somewhat different wording used by the Office of Policy to describe scope of reports in an earlier GAO publication, *Serving the Congress*.

What all this means is that ‘the American way’ cannot work if there is no means of maintaining trust in the system. Accountability is that mechanism.

He added, “I hope here in government, our leaders will not forget just how crucial and how visible the issue of accountability has become. The tone at the top will determine whether or not we sustain and build upon the initiatives already begun.”

To ensure accountability to the taxpayers and the Congress, GAO followed the federal dollar in wide-ranging reviews. A look at GAO’s activities as reported in its annual reports between 3 years, 1985 to 1988, illustrates the scope of issues the agency’s evaluators and investigators examined.

During 1985, GAO issued reports on policies and strategies for controlling the costs of federal health care programs; computer acquisition at a number of agencies, including the Social Security Administration, the Federal Aviation Administration, and the IRS; federally insured private pension plans; financial issues, including credit related to the condition of American agriculture; international trade; the Superfund program; and a number of environmental issues, including the disposal of nuclear waste, acid rain, and asbestos in schools.

GAO did extensive work on defense issues, such as chemical warfare, tests on the Bigeye bomb, the development of the MX and small intercontinental ballistic missile, naval fleet expansion, the military role in space, and the limitations in the ability of the defense industrial bases to respond to defense production needs.

GAO also took advantage of advances in technology to issue its first video report in 1985. Early in Bowsher’s term, an in-house publication, the *GAO Review*, also provided opportunities for employees of various ranks to share their professional experiences and observations with others in the agency. GAO published the *Review* from 1966 to 1987. In 1985, an article in the *GAO Review* noted that:

On June 24, 1985, GAO entered the video reporting age. As members of the 99th Congress considered legislation to reauthorize the Superfund hazardous waste cleanup law, they were able to tune in Channel 6 on the congressional closed-circuit television system to watch a 10-minute videotape entitled ‘GAO’s Views on Superfund Reauthorization Issues.’ The videotape was based on the overview report on Superfund prepared by the Resources, Community, and Economic Development Division (RCED). This report and related testimony provided congressional Committees with information and insights on ways to improve the nation’s hazardous waste cleanup efforts. Concerned that GAO’s views on the act’s reauthorization might have reached only the legislative and oversight committees, RCED sought additional ways to communicate its message to all 535 members of the Congress as they began floor debate on Superfund. This concern was the genesis of the Superfund videotape report.¹¹⁹

Notable issues addressed in 1986 included the GSA’s financial statements; DOD’s budget submissions, acquisition practices, and weapon systems programs; the Navy’s strategic homeporting; the Strategic Defense Initiative program; the “Challenger” space shuttle accident; tax reform proposals; problems in computer acquisition; and the IRS’s processing of tax returns during 1985. GAO’s work also included safety concerns at nuclear facilities, nuclear waste disposal, rebuilding the air traffic control work force after the 1981 firing of controllers, and strengthening the FAA’s airline safety inspection program.

Other reports examined projected losses in the Farm Credit System, Farmers Home Administration loan servicing policies, aid to the Nicaraguan contras, possible misuse of or diversion of U.S. aid to the Philippines, appropriate levels of control over U.S. foreign aid, cost-saving opportunities in health care programs, and ensuring access to high-quality health care.

¹¹⁹ Timothy P. Bowling, Jeffrey E. Heil, “The Superfund Videotape: Broadcasting to the Congress,” *GAO Review*, Winter 1986, 30.

In 1988, GAO recommended that the IRS modernize its outdated and labor-intensive tax-processing system. GAO found that the agency had difficulty answering taxpayers' questions and corresponding with the public. After a management review of the IRS, GAO recommended modernizing the information system, strengthening financial management systems, improvements in overseeing decentralized operations, and more emphasis on recruitment and retention of highly qualified personnel.

GAO called for improvements in managing defense spending. Because "too many systems" chased "too few dollars," DOD needed to apply "careful planning" and to make "rational choices." It cited the need to restore and ensure the integrity of DOD's procurement system, undermined by wide-ranging reports of fraud, waste, and abuse.

The Office expressed concerns about the way in which contractor profit and weapon system cost data were reported; lack of contractor compliance with legal requirements for disclosing cost data; and the ineffectiveness of contractors' cost-estimating systems and evaluations of subcontractor proposals. It reported on cost overruns in several areas, including the Army's command and control system for tracking and targeting enemy aircraft and Navy ship construction.

GAO uncovered problems with DOD's military test and evaluation activities, noting that the Congress did not always receive the kind of information it needed for fully informed funding decisions. It reviewed the Aquila Remotely Piloted Vehicle, the B-1B bomber, the Bradley Fighting Vehicle, and Advanced Medium Range Air-to-Air Missile, and the Air Launched Cruise Missile.

The Office noted DOD's tendency to move such systems into production without sufficient tests and evaluation; in some cases, the weapon systems failed to meet technical and operational requirements. GAO also identified problems with DOD's spare parts inventory management.

In the energy area, auditors focused on safety and environmental problems associated with maintaining and upgrading the aging defense nuclear complex. In 1988, GAO officials testified 10 times on issues related to the defense nuclear complex.

In January 1988, GAO issued a major report on the stock market crash of October 1987, recommending a measured approach rather than drastic action. It addressed the linked nature of financial markets and problems in the automated trading and reporting systems. The report called for stronger federal oversight over development and use of the systems. It also recommended development of contingency plans to handle market emergencies. GAO noted concerns about the extension of credit to market professionals in clearing and settlement processes.

In the health area, GAO supported greater expenditure on AIDS prevention education as a means of averting higher future treatment costs. In 1988, it recommended a stronger federal role in guiding states in developing a national strategy for preventing AIDS. It pointed out that improved monitoring of federally funded programs could distinguish between those that worked and those that did not, leading to a commitment of funds to those programs most likely to save lives.

Another major report focused on federal prevention strategies in fighting drug abuse. While the government had focused much of its efforts on controlling the supply of drugs, GAO pointed to the need for a greater emphasis on reducing the demand for drugs. In 1988, GAO found that states did not conduct sufficiently uniform evaluations to identify the best preventive measures. It projected that, “millions of dollars will be spent with uncertain benefits.”

In a special report on drug abuse, GAO described the overloading of public treatment facilities in some major cities. It also examined federal, state, and local roles in delivering treatment services,

as well as the effectiveness of the controversial methadone maintenance program.

Also in 1988, GAO reported on environmental issues, including hazardous waste cleanup by the Environmental Protection Agency, pesticide residues on imported foods, protection of groundwater, and ozone reduction. It also looked at other safety issues, including aviation and air traffic problems. GAO identified the need for effective staffing standards for air traffic controllers and recommended that the FAA improve its testing of new equipment before committing to procurement.

In classified reports, auditors analyzed the weapons systems performance of the land, sea, and air components of the strategic nuclear triad. Congress ended up cutting \$4 billion from DOD's budget in order to encourage more economical business practices in handling spare parts and other inventory items.

During the 1980s, GAO also worked on issues related to Iran-Contra. The Senate passed legislation (the Boland Amendment) in December 1982 that prohibited executive departments from providing military aid to the Central Intelligence Agency (CIA)-backed Contra rebels who were fighting the elected Sandinista government in Nicaragua. Some executive branch officials circumvented the ban on helping the anti-Marxist rebels by working out of the National Security Council (NSC), which they believed was not covered by the Boland Amendment.

Lt. Col. Oliver North, who worked for Directors Robert McFarlane and John Poindexter, headed the NSC operation. Despite an embargo, North was also involved in a plan to obtain support from Iranian moderates, to sell arms to Iran, and to obtain the release of American hostages. Some of this money was funneled to support the Contras. The story broke at the end of 1986, leading to an Independent Counsel investigation, a review by a presidential commission headed by former Senator John Tower (R-Texas) and congressional hearings.

GAO issued several reports on the Contras and on arms sales to Iran. In a report dated December 5, 1986, *Central America: Problems in Controlling Funds for the Nicaraguan Democratic Resistance* (GAO/NSIAD-87-34), GAO described lax controls over humanitarian aid provided to the Contras. In *Iran Arms Sales: DOD's Transfer of Arms to the Central Intelligence Agency* (GAO/NSIAD-87-114), issued March 13, 1987, GAO tracked the procedures followed within the DOD in transferring Tube-Launched, Optically Tracked, Wireless-Guided missiles and spare parts to the CIA for Iran.

Although the transfer was legal, GAO found the department did not adhere to all of the customary legal and policy reviews. Also, the Army undercharged the CIA by \$2.1 million. GAO recommended that the Army request reimbursement from the CIA.

In 1987, a select joint congressional committee held hearings on Iran-Contra. Led by John Cronin and Louis Zannardi, GAO staff from the Accounting and Financial Management Division and the National Security and International Affairs Division helped track down the \$47 million in proceeds from the sale of the weapons to Iran, as well as contributions to the Contras from foreign and private sources.

Cronin visited Switzerland, where he discovered the whereabouts of \$10 million contributed to the Contras by the Sultan of Brunei. GAO evaluators Olga Johnson and Jeannette Meixner used their fluency in Spanish to analyze Contra bank records.

To help prepare for the hearings, GAO detailed five staff members from OSI to the House committee investigating Iran-Contra. They examined hundreds of documents from the White House, the NSC, and executive agencies, and provided important assistance to the committee. Testifying before the Congress, NSC director John Poindexter admitted that he had approved the diversion of funds to the Contras.

Poindexter and North were later indicted on conspiracy charges. Although they were convicted of some of the charges, the convictions were later overturned because they had been based, in part, on immunized testimony before the Congress. The Congress issued a report in which it concluded that Reagan had overstepped his power. Rep. Richard B. Cheney (R–Wyoming), ranking minority member on the investigating committee, issued a minority report rejecting that view.

An analysis by a GAO evaluator showed that 2 years into Bowsher’s term, television network news broadcasts carried 25 stories about GAO’s reports. Two years into Staats’s term, in 1968, the number had been 4. The evaluator found that television newscasts started paying more attention to GAO after the break-in into the Democratic National Committee headquarters in the Watergate office building in 1972. She observed that:

. . . reporters discovered GAO as a news source during the same period that investigative journalism came of age. Although most GAO stories in 1972 and 1973 dealt with dramatic GAO findings about the Nixon administration’s involvement in Watergate, GAO and reporters remain natural partners in oversight long after the Watergate precedent. Producers of *60 Minutes* continue to value GAO’s work, as revealed by the fact that, from 1971 through 1983, *60 Minutes* mentioned GAO in 16 segments and reported in depth on 12 GAO audits. Without exception, these stories presented the agency’s work in a favorable light.¹²⁰

At times, it was the effort to access information rather than an issued report which became the news story. During the summer of 1988, GAO sought to examine ties between the U.S. Government and Panamanian strongman Manuel Noriega. George H. W. Bush had been director of the CIA while Noriega was on its payroll as an informant. In 1988, Bush was running for president. Citing

¹²⁰ Anne Motley Hallum, “GAO and Television News: An Alliance of Incentives,” *GAO Review*, Winter 1986, 36.

national-security concerns, Bush declined during the campaign to comment on whether or not he was aware of Noriega's reported role in drug trafficking while working as an informant.

At the request of Rep. Bill Alexander (D-AR), GAO tried to trace "how information about drug trafficking by high-level government officials of nations friendly to the United States affects U.S. foreign policy decisions."¹²¹ However, GAO could not complete its probe. The NSC reportedly issued a confidential directive on July 22, 1988, instructing officials at the CIA and the Departments of State, Defense, Treasury, and Justice not to cooperate with GAO. At the same time, the NSC had publicly said it would not interfere with the investigation.

James O. Benone, a GAO auditor working on the assignment, kept a careful chronology of GAO's efforts to gain information during the Noriega drug trafficking probe. Portions of his chronology were later entered into the *Congressional Record* (August 11, 1988). Useful for historical purposes, the chronology represented a public record of how an audit assignment played out in its early stages.

NSC initially assured the audit team that, "we are free to deal with each agency directly and that NSC would not be a bottleneck." Days later, officials at State and the Department of Justice (DOJ) informed GAO that "NSC instructed them not to deal with us until NSC had developed guidelines on what to do."

A White House spokesman claimed that the lack of cooperation reflected a belief that GAO had exceeded its statutory authority. Nancy Kingsbury, then an Associate Director in the National Security and International Affairs Division (NSIAD), explained that NSC would not normally coordinate a government-wide response. "That was certainly unusual. The people in my division could not remember any other instance of agencies being directed not to cooperate with us by the NSC."

¹²¹ Letter, Nancy Kingsbury, Associate Director, GAO's National Security and International Affairs Division, to Rep. Bill Alexander, August 3, 1988.

After NSC instructed executive agencies not to provide documents or to meet with GAO, the auditors stopped the investigation. A number of issues related to Panama remained unresolved. *The New York Times* asserted that, “the White House made clear to other agencies that negative publicity about the Panama policy should be kept to a minimum.”¹²²

Wartime presented unique challenges for GAO in its work. During the Vietnam War, GAO had auditors working on audits in a war zone and even established a formal presence in-country. In 1966, Comptroller General Elmer Staats opened an office in Saigon (now Ho Chi Minh City), the capital of South Vietnam. The Saigon office was a sub-office of GAO’s Far East Office.

GAO’s auditors worked in the field, as well as in Saigon. Some of the fieldwork was done under hazardous circumstances. In 1969, six auditors narrowly escaped injury during a rocket attack on the U.S. base at Da Nang in Vietnam. GAO’s Saigon office remained operational until the signing of peace accords in 1973.

In 1991, GAO made headlines with its work on some aspects of the Persian Gulf War. GAO’s audit teams worked in the Persian Gulf before the start of Operation Desert Storm, during Operation Desert Shield. After the Gulf War, GAO did additional work reviewing the cost of the war and looking at the performance of weapons systems. GAO reviewed the estimated cost of the war, concluding that it could be met with funds pledged by the United States’ allied nations.

Bowsher noted, “We were the financial monitors of the Gulf War and that was a very important role for GAO. I don’t think they would have ever raised the money if somebody hadn’t been willing to speak out about how much it was going to cost.”¹²³

¹²²The quotation from Nancy Kingsbury and the description of what the *New York Times* had written come from “Noriega: A Probe That Fizzled,” *Washington Post*, March 12, 1989.

¹²³GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 10, 1996, 38.

GAO studied aspects of the military build-up's logistical aspects, including airlift, sealift, supply and maintenance. It also looked at the performance, operation and maintenance of specific weapons systems (the M-1 tank, the AH-64 Apache helicopter, the F-117 aircraft, and the F-18 Navy aircraft).

In response to GAO reports and testimony on the funding of Operations Desert Shield/Desert Storm, the Congress rescinded \$14.7 billion from the Persian Gulf Regional Defense Fund. In addition to studying funding, GAO also provided the Congress with analyses of the effectiveness of the Patriot missile, the C-17 cargo plane, and the Seawolf submarine. GAO found there was a lack of data to say conclusively how well the Patriot missile performed. Bowsher later observed:

Our work, plus that of some professors up at MIT, [the Massachusetts Institute Technology] clearly indicated that the data on hits by the Patriot on the Scud missiles were overblown or over claimed at the time. I think the Patriots were a marginal success in that war, as they had been during earlier training.

What really stunned everybody was how the Patriot seemed to become such a successful weapon all of a sudden and after the fact we realized that it didn't.¹²⁴

A headline in *USA Today* informed readers in February 1991 that an "Army chopper draws fire - not from Iraqis." Reporter Leslie Phillips talked to test pilots and members of the military about the Apache. Some observers praised the helicopter ("no finer attack helicopter" one pilot stated); others raised questions about its effectiveness ("they aren't doing diddly" said a member of a tank crew in the Persian Gulf area).

The newspaper also reported the views of some legislators. "I have dark suspicions about this helicopter because it has been fixed and refixed and fixed again," says Rep. John Dingell, D-Mich.,

¹²⁴ *Ibid.*

who has been investigating the Apache. ‘All we want is for that damned helicopter to work.’”

On the other hand, Phillips reported that, “Sen. John McCain, R-Ariz., agrees heavy maintenance is required. But he says Army officials have assured him the Apaches are performing at higher levels than expected. ‘The non-combatant guys with the green eyeshades can do whatever they want to,’ says McCain. ‘The fact is, the weapons system is performing superbly.’”¹²⁵

In a meeting of the Armed Services Committee in July 1991, Gen. Norman Schwarzkopf, who had commanded coalition forces during Desert Storm, addressed the questions of equipment and weapons systems. The General asserted that the equipment worked well, then pointed to morale issues:

. . . our fighting forces were armed with the finest military equipment in the world today—the Apache helicopter, the F-117 Stealth fighter, the Tomahawk land-attack cruise missile, the M-1-A-1 tank, the Patriot missiles are just examples of the weapons systems that were tremendously successful. Desert Storm confirmed the superiority of American technology and assured the American taxpayer that their money has been well spent.

And thirdly, the unwavering support of the American people. From the first hour of Desert Shield until the last minute of Desert Storm, this outpouring had a substantial impact on the morale of our troops and on their will to fight. I can assure you that even in the isolation of our northernmost portions of the desert, our troops were keenly attuned to the pulse of popular support at home. With this knowledge that the strength of the American people was always behind them, they knew they could not fail.

¹²⁵“Army Chopper Draws Fire - Not From Iraqis,” *USA Today*, February 21, 1991.

Sen. McCain asked the General about GAO's efforts during Desert Shield and Desert Storm:

I'd like to refer to your comments, first of all, about the Apache helicopter. I note that you said that it performed brilliantly throughout the campaign. There was a very unfortunate situation, in my view, and in the view of some of your people and generals—generals and colonels and sergeants that I talked to, the fact that the GAO was over there interfering while your people were trying to get ready to go into combat and conduct military operations. I wonder if you had any views on that unfortunate situation, in my view.

Schwarzkopf responded, "Senator, as you well know, the GAO was not only over there once, they were over there twice. And there was a clear inference that they were over there because they thought we were lying to them." He added that:

GAO audits have a place. But in my opinion, they should be limited to outside a theater of warfare and should not be inside the theater of warfare at the time you're busy trying to conduct the war. They not only divert from your ability to focus 100 percent on your wartime mission, but they require assets. They require transportation assets. They require escorts. They require a great deal of work and effort to go into the preparation for those type of things, and I just personally feel that it's no place for them during the conduct of a war.

McCain answered, "I share your view. I think they've run amuck." He added, "And perhaps—perhaps we may be able to rein in this agency which has—which has, I think, just gone totally out of control and is being used as a tool for different individuals and organizations' agenda rather than providing Congress with—with much needed information."¹²⁶

¹²⁶ *Federal News Service*, Transcript of Senate Armed Services Committee Hearing On the Conduct Of the Gulf War, June 12, 1991.

11. GAO's Position Within the Government

During Bowsher's term, GAO's increasingly carried out its auditing and evaluative reviews in response to requests from the Congress. When Elmer Staats left office in 1981, congressional requests accounted for nearly 40 percent of GAO's work. A review of GAO's work during Bowsher's last year as Comptroller General stated that:

About 78 percent of GAO's work during fiscal year 1996 was done at the request of Congress. GAO is required by law (P.L. 67-13) to do work requested by congressional committees and assigns equal status to requests from committee chairs and ranking minority members. More and more in recent years, congressional legislation has mandated GAO audits and evaluations, and to the extent possible within resource constraints, GAO also responds to requests from individual members. Finally, GAO undertakes assignments independently in accordance with its basic legislative responsibilities.¹²⁷

Not only did request work increase, so did the number of engagements. In 1988, nearly midway through Bowsher's 15-year term, GAO reported that it's "workload had increased to 40 percent over 1982 levels."¹²⁸

GAO's enabling legislation, the Budget and Accounting Act, 1921, stated that GAO "shall be independent of the executive departments." It did not say that GAO was a legislative support agency, although it clearly was created to assist the Congress. During the 1940s, the Congress annually considered GAO's budget as part of the appropriation for "independent offices" rather than as part of the legislative branch appropriation.

¹²⁷ James F. Hinchman, Acting Comptroller General, Prepared Testimony Statement, GAO/T-OCG-97-1. See *GAO Management News*, February 17, 1997.

¹²⁸ Charles A. Bowsher to Sen. Harry Reid, December 17, 1991, with attached appendices and cover note, Stan Czerwinski to Maarja Krusten, December 18, 1991. Note on 40 percent increase is on page 10 of Appendix II to the letter to Reid.

The subject of GAO's role came up in congressional hearings during 1945. A representative then noted that organization charts published by the Office of War Information showed GAO as part of the executive branch. When the Reorganization Act of 1945 renewed the president's authority to reorganize executive agencies, the Congress found it necessary to list GAO among the agencies excluded from such actions. The Comptroller General, Lindsay C. Warren, had urged explicit exclusion of GAO. The 1945 law contained the first statutory statement identifying GAO as a legislative branch agency.

The question of GAO's status was not settled definitively for another 40 years. During the 1970s, Comptroller General Staats had his Office of Policy prepare an issue paper on the "Importance of Maintaining GAO's Role as an Independent Agency in the Legislative Branch to Assist Congress in its Oversight of the Executive Branch." The paper noted that in establishing GAO in 1921, Congress wanted an agency that would "carry out audits, studies and investigations fearlessly," free "of any fear of reprisal."

Congress recognized GAO's "dual role," as reflected in the Legislative Reorganization Act of 1970 and the Congressional Impoundment and Budget Control Act of 1974. However, Staats believed that "the primary role of the Comptroller General . . . continues to be that of the independent initiator of audits and reviews of programs of the executive branch agencies" in support of Congressional oversight.¹²⁹

In 1975, GAO filed suit against President Gerald R. Ford under the Congressional Budget and Impoundment Control Act of 1974. The President had rescinded over \$200 million dollars in contract authority for a federal housing program. Staats argued that he was not acting as an agent of Congress in the suit. He said that he was not acting as a purely legislative officer but rather an independent officer appointed by the president, with assigned duties that were both legislative and executive.

¹²⁹ Roger Sperry, *GAO: 1921-1981*, Washington: GAO, 1981, 256, 258.

The case never reached trial because the Secretary of HUD restored the funds in question. GAO dropped the lawsuit, leaving the constitutional issue of the Comptroller General's role unresolved.

In addition to its audit, evaluative, and investigative function, GAO rules on contract bid protests. The Reagan Administration opposed key parts of the Competition in Contract Act (CICA) of 1984. The Department of Justice objected to those portions of the act that authorized federal courts to refer bid protests to GAO, stayed the award of performance of contracts pending GAO consideration of protests, and allowed GAO to grant attorney fees and other costs to protestors.

In signing the CICA in July 1984, President Reagan cited his opposition to those procedures on the grounds of separation of powers. OMB directed executive agencies to ignore both the staying of contract awards under protest and GAO decisions allocating agency funds to cover the costs of successful protestors.

The House Government Operations Committee countered the Reagan Administration's actions by recommending that Congress cut off funds to executive agencies, prohibiting them from spending money for procurement actions for which GAO bid protest reviews were underway. It also called for cutting off appropriations for OMB and the Office of the Attorney General until the OMB instruction was withdrawn.

In March 1985, a U.S. District Court judge upheld the Comptroller General's authority to stay awards, stating that, in addition to being an officer of the legislative branch, he was "an officer of the United States" by virtue of his appointment by the President. The judge ordered OMB and the defendant agency, a component of the DOD, to comply with the CICA's provisions.

An appeals court upheld the lower court ruling in *Ameron, Inc. v. U.S. Army Corps of Engineers*. In its decision in the *Ameron* case, the higher court noted that, "we adopt the reasoning . . . that the GAO is viewed as part of a headless 'fourth branch' of government

consisting of independent agencies having significant duties in both the legislative and executive branches but residing not entirely within either.”¹³⁰ Responding to the congressional and judicial actions, DOJ instructed executive agencies to comply with GAO regulations implementing CICA.

But in 1986, the Supreme Court settled the issue of GAO’s status within the government. In 1985, Congress passed the Balanced Budget and Emergency Deficit Control Act, commonly known as Gramm-Rudman-Hollings. The act required the OMB and the Congressional Budget Office (CBO) to prepare an annual estimate of federal expenditures and revenues and of the extent to which any deficit would surpass established ceilings. The Comptroller General was to analyze their report and inform the president and Congress of the amount of any required deficit reduction.

The act called for the president to reduce spending according to the Comptroller General’s report. In a January 1, 1986, op-ed piece entitled “President Bowsher,” the *Wall Street Journal* asserted that “Gramm-Rudman has given us a new American president. His name is Charles A. Bowsher.” After describing the Comptroller General’s role in the Gramm-Rudman process, the editorial concluded, “Who elected him?”

In his first Gramm-Rudman report in 1986, Bowsher required a cut of \$11.6 billion in order to come in under the caps. But a lawsuit filed by Rep. Michael Synar (D–Oklahoma) and 11 other members of Congress challenged the Comptroller General’s role in the deficit-cutting process. Synar argued that the law delegated too much power to the Comptroller General.

GAO hired Lloyd Cutler, a well-known Washington lawyer who served as the top lawyer in Jimmy Carter’s and Bill Clinton’s White House, as outside counsel. Bowsher later noted of Cutler, “One day, he came to GAO, and said that he had made sure that this case would be known as *Bowsher vs. Synar*. He said I would

¹³⁰ GAO *Management News*, April 8, 1986, 3.

be famous in all law schools as a result of this case. What he didn't tell me was that I was going to lose."¹³¹

The case made its way quickly through the courts. GAO argued that the Comptroller General was an officer of the United States, appointed by the president and subject to removal by impeachment. The Supreme Court disagreed. It found that the Comptroller General was a legislative branch officer and, as such, could not carry out executive functions. In fact, the court noted that, for the purposes of the Gramm-Rudman litigation, "there is no merit to the contention that the Comptroller General performs his duties independently and is not subservient to Congress." (478 US 715)

In handing down a 7-2 decision in *Bowsher v. Synar*, the court focused on separation of powers and on the removal provision in GAO's enabling legislation:

Appellants urge that the Comptroller General performs his duties independently and is not subservient to Congress. We agree with the District Court that this contention does not bear close scrutiny. The critical factor lies in the provisions of the statute defining the Comptroller General's office relating to removability. (478 US 727)

The court found that although the Comptroller General was appointed by the president with the advice and consent of the Senate, because Congress had the power to remove the Comptroller General, "he may not be entrusted with executive powers." Looking back at the decision 20 years later, Bowsher explained, "Personally, I was never too disappointed by the Supreme Court's ruling, since it is rather intuitive that the federal government consists of three branches and an agency can only reside in one of them."¹³²

¹³¹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, April 12, 1996, 51.

¹³² Donald E. Tidrick, "The Comptrollers General of the United States and a Conversation with the Surviving CGs," June 2006, Bowsher interview conducted in 2005, 26.

In July 1986, Congress used a fallback provision in the Balanced Budget and Emergency Deficit Control Act to pass a joint resolution authorizing budget cuts already set for FY 1986. Testifying on proposed revisions to Gramm-Rudman-Hollings, Bowsher cautioned against making changes relating to GAO or to the appointment and removal provisions relating to its head. He stated, “We believe that any change in GAO’s relationship to the Congress and the Presidents should only be taken with great caution and with full understanding of the consequences, in order to ensure that the result is consistent with the traditional role that the agency has successfully fulfilled since its creation.”

12. Client Outreach and Quality Management

In 1993, the newspaper, *Roll Call*, informed its readers that, “The General Accounting Office, a longtime magnet of criticism on the Hill, faces its first Congressional scrutiny in eight years when the House Government Operations Committee holds oversight hearings of the investigative agency in October.”

The newspaper explained that the committee had “planned to hold oversight hearings in October 1991” but they were postponed “because more time was needed to sort through the documents the GAO had provided Congressional investigators, according to a committee aide. One factor, committee aides say, was the House Bank scandal.”

In September 1991, GAO reported on overdraft problems that it had found in its audit of the House Bank. Later in the year, GAO provided the House Ethics Committee a list of accounts on which members of the House of Representatives had overdrawn accounts during a 39-month period between July 1988 and October 3, 1991. For several preceding years, GAO had noted in its audits the existence of a large accounts receivable amount in the House Bank. GAO’s 1991 findings led to the closing of the House Bank and an ethics investigation on Capitol Hill.

Columnist Jack Anderson noted in a column on March 22, 1991 that, “Members of Congress who paid no penalty at the House bank for their bounced checks may pay a higher price in November when they are bounced out of office by the ‘rubergate’ scandal. High-level officials at the General Accounting Office, which exposed the scandal, are bracing themselves for the rebound.” Anderson added, “Some expect a shoot-the-messenger response from Congress. . . . ‘They are going to go after us and cut our budget,’ one GAO source predicted. ‘They may even require a sizable reduction of staff. They’re going to shoot the messenger on this one.’”

Anderson noted, "the messenger has been in this uncomfortable position before. In recent years, the GAO has tackled sensitive investigations that have made its bosses look bad. All things considered, a lawmaker who asks the GAO to look into something would rather have the investigation end with blame being placed on the administration or with the other political party."

Robert S. Remini, historian of the U.S. House of Representatives, placed the revelations about the House Bank in a period of increased partisanship which started after the resignation of House Speaker James Wright in 1989. He observed that, "partisanship in Congress had now reached such an intense level that it was next to impossible for the two parties to agree on any important issues. The art of compromise was fast disappearing."

Remini wrote that, "events that boiled over and dramatically altered relationships in Congress occurred during the closing days of the Reagan administration and into the following years."

Remini described how the "Gulf War . . . provided one occasion when Democrats and Republicans engaged in a 'thoughtful and impressive' three-day debate over" the January 1991 resolution authorizing President George H. W. Bush to go to war. But he noted that in the House of Representatives, "the members resumed their partisan attack on each other in early 1991 when the Republicans publicized a report by the General Accounting Office (GAO) in which it was revealed that 325 sitting and former members of the House overdrew their accounts in the House Bank and paid no penalty."¹³³

The House cancelled oversight hearings for GAO that had been scheduled for 1991. But *Roll Call* reported in 1993 that it had obtained, "a list of 62 questions prepared for the canceled hearings" in 1991. The newspaper described areas that "Congressional investigators had hoped to probe in 1991." It listed them as:

¹³³ Robert S. Remini, *The House: The History of the House of Representatives*, Washington: Library of Congress, 2006, 476-479.

- Focus. Investigators in 1991 asked GAO to identify all conferences its employees had attended in an effort to ascertain whether GAO staff was spending too much time in seminars and not enough time investigating federal programs.

- Leaks. Investigators asked for written proof of GAO's policy on disclosing to the press or other outsiders the existence of GAO assignments, identities of Congressional requesters, and content of the reports before release.

A leak can mean that the Member who requested a certain report is denied the opportunity to release the findings - with much fanfare - in a press conference. . .

- Personnel practices. Investigators had asked the GAO to provide descriptions of all cases in which current or former employees alleged racial, age, or other forms of job discrimination. There were also questions on awarding of merit pay.

- GAO waste. The list included questions about the total cost and need for two in-house GAO publications, 'Serving the Congress' and 'The GAO Journal.' It also asked for the cost of renovations at GAO's Washington headquarters and each of its 14 regional offices.

- Consultants. Investigators asked for the number of consultants and independent contractors that GAO hired and the amount of their compensation."

Roll Call added, "Sure to be addressed in October is the widespread belief among Congressional Republicans that the GAO tailors its findings to suit the views of the Member requesting the audit, committee staff said."

Prior to 1990, GAO had episodically examined engagement planning and client relations. External questions often triggered such reviews. For example, congressional hearings on defense contracting in 1965 led GAO to examine its products and media

profile. In response to questions raised by the House Select Committee on Congressional Operations in 1978, GAO looked at timeliness, responsiveness, statutory authorities, and the operation of its auditing and policy units. After receiving a letter from Rep. Brooks in 1985, GAO examined priorities, timeliness, responsiveness, report quality, and report review processes.¹³⁴

Bowsher looked for more systematic ways to assess GAO's work processes and relations with clients. After examining the way Total Quality Management (TQM) worked in some private sector entities in 1990, he decided to launch an effort the next year to integrate aspects of it into GAO's work.

GAO's quality management initiative

The Total Quality Management movement started in Japan after World War II. A management expert, W. Edwards Deming, concluded that, to improve the quality of products made in Japan, manufacturers would have to build in quality at the start rather than focusing on the inspection of products at the end. TQM called for constant improvement and the breaking down of barriers between managers and employees.¹³⁵

Bowsher explained what triggered his interest in TQM. The U.S. Senate asked GAO to look at the Malcolm Baldrige Awards, which recognized quality management initiatives. Named for a former Secretary of Commerce, the Baldrige Quality Award was established in 1987 by Public Law 100-107. GAO decided to look not only at the winners but also the top three finalists for each year. Bowsher himself visited a number of auto plants, including ones for Honda and Toyota/General Motors. He also visited Motorola. He recounted,

¹³⁴ GAO records, Henry (Butch) Hinton, "Notes on General Observations," n.d. [circa 1991].

¹³⁵ "Where Is Total Quality Management Today," David C. Davis, *Defense Electronics*, February 1993, <http://deming.ces.clemson.edu/pub/tqmbbs/prin-pract/tqmvtqs.txt>

I came to the conclusion that there were some areas that were relevant to GAO, and I think it was the president of Motorola that convinced me the most. He said he thought they got as much out of the TQM approach in their non-manufacturing areas as they did in their manufacturing operations.

. . . We had Professor Deming come to GAO one Saturday for a meeting with the senior staff. We decided to put a program together. We launched it at the 1991 management meeting. One of the things I did which I thought was interesting was to show everybody a list of the Fortune 500 companies for 1921, which was the year, of course, when GAO was founded. Most of the companies on that list are no longer in business. A lot of the ones that were at the top have slid way back, like U.S. Steel.

The main message I had is that you either improve your operations or modernize or you fade from the scene or at least decline a lot. I said that I thought there were some features of this TQM management approach that would be helpful to GAO. And so we launched the program at that point.¹³⁶

Mary Hamilton and Allen Mendelowitz, two GAO senior executives who worked on the early phases of TQM implementation, explained that past efforts to improve operations had “not been systematic. We at GAO have always been good at identifying problems, but we tend to jump too eagerly to solutions. Those solutions, however, may not solve the underlying causes of the problems.”

The executives set high expectations publicly for the initiative. They explained in an article aimed at internal and external readers that TQM required involvement of and commitment by the entire GAO work force. “Give employees an understanding of their customers’ needs, a culture that recognizes the employees’ ability

¹³⁶ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 10, 1996, 2-3.

and worth, and the power to improve their way of working, and they will accomplish tremendous things for their organization.”¹³⁷

In April 1991, the Comptroller General announced the formation of a Quality Council. Meeting monthly on Thursday evenings, the council guided implementation of quality management by establishing GAO-wide principles, developing mission and vision statements, setting priorities, and approving implementation plans. It also chartered and monitored the progress of GAO-wide quality improvement teams. GAO trained a number of its mission and non-missions staff as TQM facilitators. Two facilitators who worked with managers and employees later observed that the council’s intentions were good but that it would have benefited from less scripted presentations and more free-flowing discussions.¹³⁸

Bowsher recognized that GAO differed in fundamental ways from some of the businesses he and his senior executives had visited. “There is definitely a difference between service and manufacturing organizations. I think that is a bigger difference than between government and the private sector.” Looking back at the TQM initiative, he found that implementing its processes was more difficult than learning about the principles.

One of our big problems was that we had a hard time converting that [education] phase into what I called a GAO plan of action. I had to make some changes . . . to try to get more of a GAO plan of action.¹³⁹

A focus group study in GAO’s General Government Division suggested in 1992 that while many employees were receptive to TQM principles, some perceived potential barriers to its

¹³⁷ Mary R. Hamilton, Allan I. Mendelowitz, Richard L. Fogel, “TQM at GAO,” *GAO Journal*, Winter 1991/1992, 1.

¹³⁸ Oral responses in 2001 to questions asked by author in informal conversations with two former TQM facilitators at the Band III level.

¹³⁹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 10, 1996, 7.

implementation. Participants believed that TQM required “many months” and “many meetings” in order to employ its problem-solving process. GAO operated under strict time frames for conducting jobs and getting reports to Congress.

The members of the focus group provided candid feedback. One participant in the study described TQM as “diametrically opposed to the GAO culture.” Another focus group member described GAO “as rigidly hierarchical as any military organization.” Some believed that aspects of quality management might benefit GAO but there had been insufficient time for the managers to be exposed to TQM.

As he retired in 1993, Harry Havens gave an interview in which he pointed to his perceptions of TQM and how it fit into GAO and its culture:

I think the issues center on how we can get the work done right the first time rather than having to fix it after it has been done, and that is an issue that has been with GAO for at least as long as I have been here. . .

So I think that we have got a lot of things that we need to do in the way of how we do our work, how we plan it, how we carry it out, who we have working on it, and what sorts of methods they use to carry out the work. . . . There are a whole series of things that we are going to work on if we are going to squeeze out the inefficiencies and manage to get more work done with less people, while the standards of quality for that work are continually rising.

Havens said there were conditions within GAO which might affect the implementation of TQM.

The organization, for example, has a traditional hierarchical approach to the work which, I think, makes it more difficult for middle level managers or junior staff to assume real responsibility for their work. There is always the assumption

underlying everybody's thinking that, well, if I don't get it right, they will fix it at the next level up.

Well, that is not an attitude that we can afford to have. We can't afford to keep fixing things a dozen times for every job. We just can't afford it.

While he recognized the need to reduce re-work, Havens observed that he did not know whether the approach GAO was using for TQM "will accomplish what needs to be accomplished . . . This organization is very resistant to change. That is true of any large organization and I think it's more true of GAO than some others, perhaps."

Havens pointed to what he saw as the core characteristics of many of GAO's employees:

GAO staff are trained to be skeptics. That is part of the audit tradition and people who are inherently skeptical of others tend to be skeptical of initiatives that are begun in the organization itself, so there is a good deal of resistance to changes that would be necessary if we are going to succeed at quality management.

I think Chuck is pushing pretty hard to overcome that resistance. My sense is that he is beginning to overcome it at the most senior level of the organization with some progress being made in convincing the assistant comptrollers general, for example, to open their minds to new ways of doing business.

And that is what all the books tell you is where you start with TQM. You have to start with the top, according to the theories. But the question that this leaves in my mind is whether there is enough time left in Chuck's tenure for the openness and flexibility to permeate the organization.

Havens believed that the quality management philosophy would have to "grow through the organization at its own pace."¹⁴⁰

¹⁴⁰ GAO, History Program, unpublished oral history interview, Harry S. Havens, April 20, 1993, 19-20.

Bowsher recognized there were challenges in implementing quality management:

The resistance to TQM—I think I’ve watched it in other organizations as well as our own—basically is in middle management. Generally, the young people are ready to change, and you have to get the senior management aboard at the beginning. I think we achieved that. But, middle management people worry that TQM is going to change their world, and it does, and so, they are the last group to sign on. That’s where the resistance is.

The TQM approach is less authoritarian, too. In other words, it tries to get more of the staff involved in working together and making decisions together. Some people, who in their management style are used to more command and control, are reluctant to change.

GAO’s Quality Council emphasized the importance of listening to the “voice of the customer” and to the “voice of business.” In identifying priorities early on, the council decided on the following:

- (1) improving communications with Congress throughout the course of our individual jobs;
- (2) creating a work environment within each unit where clear, open, honest, and respectful communication occurs in a timely manner;
- (3) improving teamwork and cooperation within units;
- (4) reducing re-work; and
- (5) identifying ways to use technology creatively.¹⁴¹

An October 1994 report prepared by NAPA for the Senate Governmental Affairs Committee considered some aspects of

¹⁴¹ “A Guide to Policy Management at GAO,” Attachment to Memorandum, “Richard L. Fogel to Heads of Divisions, Regions, and Staff Offices,” July 13, 1993.

GAO's TQM effort. NAPA recommended that, "GAO should clarify the meaning of, and criteria for, being 'responsive' to Congress, in order to give practical guidance to staff and provide assurance to Congress that GAO work will be objective, impartial, and independently derived."

The NAPA report pointed out that, "The tension between meeting customer needs and maintaining objectivity and accuracy demands serious consideration. In interviews, GAO managers and planners cite executive agencies, nongovernmental groups, and taxpayers as 'customers,' but overwhelmingly emphasize 'Congress is the customer.' That phrase is repeated extensively in GAO documents and discussion."

On the other hand, NAPA found that, "Congressional staff who call upon GAO for research and reports generally do not view themselves as 'customers.' In fact, according to interviews conducted for this study and documented by GAO from its 1992 congressional survey, the word 'customer' makes many congressional staff members uncomfortable."

NAPA found that, "Congress . . . consists of multiple potential sources of demand for GAO work – none of whom pay directly for the work or even know its costs – and they have nearly unlimited and highly diverse demands for information and analysis. And the interests of those requesters are often in conflict with each other."

Moreover, NAPA stated that the phrase, "Congress as customer" did not identify GAO's "primary roles and substantive functions." It found that, "the phrase has created a perception among many interviewed for this study – even frequent and supportive requesters of GAO work – that GAO is overly willing to please the requesters, raising questions as to whether GAO conducts studies with an independent eye or whether, by contrast, it shapes the research with an eye toward satisfying the requester's policy or partisan interests."

NAPA reported that, “The panel found no evidence that GAO has been steering its research toward satisfying particular policy or partisan interests.” However, NAPA recommended:

that GAO take additional steps to respond to the concerns that have been raised. While GAO has extensive standards and guidelines for procedures and outputs, including standards on supporting Congress, the materials refer to timeliness and frequent communications but do not provide substantive guidance to GAO staff on what it means to be ‘responsive’ to congressional requesters in terms of the substance of the work. That term can have multiple meanings, with serious implications for GAO’s reputation for objectivity and credibility.¹⁴²

GAO considered NAPA’s recommendations on substantive and semantic matters. In later years, GAO started to make some semantic distinctions in some areas. It began to use the term customer only for individuals on the GAO staff. It referred to members of Congress as clients. NAPA recommended that GAO commit to a continuing process of regular external peer review of its work. Recognizing that this was consistent with requirements in the *Government Auditing Standards*, GAO began preparation for such reviews.

Under Bowsher, and later under Acting Comptroller General James F. Hinchman, GAO prepared for forthcoming peer reviews of the agency’s work. In 1997, OP reviewed agency policies, procedures, and practices to remove unneeded requirements and streamline audit work. Assistant Comptroller General Brian P. Crowley noted that, “peer reviewers will be interested in the people who conduct audits and evaluations, focusing on their qualifications and training as well as agency practices and procedures for recruiting, hiring, and promotion.”¹⁴³

¹⁴² “The Roles, Mission And Operation Of The U.S. General Accounting Office,” Report Prepared for the Committee on Governmental Affairs, United States Senate, by the National Academy of Public Administration, October 1994, Senate Print 103-87.

¹⁴³ GAO *Management News*, January 20, 1997.

Bowsher's and Hinchman's efforts paid off, as GAO's financial audit work underwent successful peer reviews by the public accounting firm of KPMG Peat Marwick in 1995 and 1998. GAO has continued to build on the solid quality assurance foundation that its officials worked to strengthen during the 1990s. Later, under Comptrollers General David M. Walker and Gene L. Dodaro, GAO saw additional successful reviews of its financial audits. It also underwent successful peer reviews of its performance audit work by representatives of member countries of the Global Working Group. In 2005, the international peer reviewers offered constructive comments and also, "cited a number of exemplary practices of GAO that other national audit offices should emulate."¹⁴⁴

At the end of Bowsher's term, as part of its continuous improvement effort, GAO re-engineered its job processes. The goal was delivery of timely, high-quality reports at reduced cost to congressional requesters. The agency recognized that some of its engagement products resulted in considerable re-work before a final report could be issued. GAO sought to lessen re-work, better predict the issuance date for reports, and reduce cycle time in report production.

Bowsher and his managers set a goal of reducing the amount of re-work in audit assignments by 50 percent over 2 years. This required making changes in planning and managing engagements and streamlining some of the structures used. GAO crafted procedures for issuing briefing reports within 7 days of providing oral briefings to congressional committees.

Bowsher established a task team in October 1994 to identify and ensure implementation of best practices. The team identified ways to improve GAO's report process during its entire life-cycle, from the start of assignments, the planning, data gathering, and message development phases, through review and issuance of reports.

¹⁴⁴ GAO *Management News*, April 25, 2005.

GAO worked to design a new framework for its job management process and to put it in place in the spring of 1996. To this end, it developed job assessment procedures to guide decisions on staffing, supervision, and report review. At the front end of assignments, the agency sought to improve its processes for obtaining early agreement from congressional requesters on the objectives, scope, and approach to engagements.

At the back end, GAO looked to expedite the process for obtaining comments on draft reports from the agencies under review. GAO also sought to use technological developments to help improve its engagement processes. It tested the revised procedures in its Agriculture issue area, then rolled them out agency wide in 1996.¹⁴⁵

GAO's internal newsletter informed readers on May 27, 1996 that:

The new approach features a standardized work process that is to be used uniformly throughout GAO. The process incorporates new technology and automated tools to ensure optimal responsiveness in every job, and to enhance quality. The process was designed with GAO's congressional customers in mind; requesters will now receive a prompt response, early information on the proposed methodology, a delivery date, and a written commitment.

The process was also designed to benefit GAO staff members. The standardized process, in place throughout the agency, ensures more communication and collaboration between GAO and its customers from the outset of a job through completion, leading to less time wasted in rework, saving money and reducing staff frustration.

In June of 1996, the OP issued a new *Performance Report*, which reflected the results-based approach to management embodied in the Government Performance and Results Act of 1993. Working

¹⁴⁵ Prepared Testimony of Charles A. Bowsher Comptroller General of The United States Before the Committee on Appropriations, Subcommittee on Legislative Branch, U.S. Senate, May 26, 1995.

with the Quality Management Group, OP developed new measures of GAO's work and service to the Congress.

Officials recognized soon after GAO moved to quality management that such measures were needed. In 1992, a GAO team on performance measurement concluded that existing performance measures focused too much on assignment management. The team recommended that, "performance measures should be anchored to clearly-understood organizational goals, be focused on outcomes and the results of an agency's activities, be oriented towards customers, useful to managers, and appropriate in number."

The policy office developed measures to track "Outcome/Mission; Process Efficiency, Product Quality, and Human Resources." GAO linked these to strategic goals spelled out in 1995 in its first strategic plan, *Following the Federal Dollar*.¹⁴⁶

Client relations

The last third of Bowsher's 15-year term saw a number of questions raised within the Congress about GAO. Contemporary news stories show that some centered on individual reports, others on reporting and review practices and the agency's use of resources, and still others on its operations and spending. GAO sought to reduce the number of its staff as well as find efficiencies by streamlining its work processes. For example, it offered buyouts to staff in 1993. But in 1996, GAO had to take additional cost-cutting measures as it faced sharp cuts to its budget.

In 1993, the *Christian Science Monitor* reported that:

[Dennis] Hastert and other Republican critics say there's a palpable sense on the Hill that Democrats get better service from the GAO than Republicans in both the quantity and the quality of the agency's work. Many analysts say that's to be expected.

¹⁴⁶ GAO *Management News*, November 9-13, 1992 and June 3-7, 1996.

The GAO is mandated by Congress to oversee executive-branch operations. For the last 12 years, a predominantly Democratic Congress has ordered investigations of two Republican administrations.

"We're the auditor of the executive branch, so it's very understandable the Democrats would ask for reports on the Republicans," says GAO spokesman Cleve Corlett. "But I've also got a drawer full of reports that Democrats aren't happy about. We just call them as we see them."

The newspaper quoted critics and supporters of GAO on Capitol Hill, then turned to an academic for his assessment. "I think the GAO has maintained a strong reputation for telling the truth, regardless of party," says Prof. Paul Light of the Humphrey Institute of Public Affairs. "If the GAO is doing its job, it's always going to be on the razor's edge, it's always going to make people mad."

In testimony before the Congress in 1993, former Comptroller General Elmer Staats explained that, "GAO has been characterized as a problem solving agency, a watchdog of the treasury, and critic of the executive branch. It cannot carry out its responsibilities without risk of controversy. President Johnson had this in mind when in my swearing-in ceremony he said he was going to say some nice things about me because it would probably be the last time anyone would do so. The Congress must also have had this in mind when it established safeguards for the independence of the office."¹⁴⁷

The *Christian Science Monitor* pointed to questions raised about GAO's report issuance process, which included multiple layers of review.

Critics on both sides of the aisle are also concerned about the length of time GAO takes to produce a report. It can range from several months to several years.

¹⁴⁷ Federal Document Clearinghouse, Testimony, October 28, 1993, Elmer B. Staats, House Government Operations Oversight of The G.A.O."

"They have a process of reviewing documents that's astonishing to me," says a veteran Democratic staffer. "The review often takes as long as the development of the actual report. How can that be?"

. . . . Supporters contend that the GAO's attention to detail and balance is one of its strengths. Critics contend that it slows the legislative process.¹⁴⁸

The *National Journal* also looked at the detailing of GAO employees to congressional committees. "Aggravating the tension has been Republican resentment about the GAO detailees—specialists in subjects ranging from the defense industry to health care. Some Republicans say the detailees give Democrats too much clout and compromise the GAO's ability to undertake objective investigations. Responding to the complaints, the GAO has curbed the number of temporary assignments to Capitol Hill—these assignments have dropped from 173 in fiscal 1990 to 69 in fiscal 1993."

The article recounted some questions about the quality of GAO's reports.

While GAO officials say they try to avoid duplication and will discourage requests that appear too narrow or too politically driven, some Capitol Hill critics wonder whether Congress tends to waste the GAO's time. Some 80 percent of GAO reports now stem from congressional requests, compared with just 10 per cent in 1969, according to statistics gathered by Rep. Cox.

"The quality of the work, obviously, is somewhat driven by the quality of the request," said Rep. William F. Clinger Jr., R-Pa., who helped instigate this fall's House oversight hearings. "And

¹⁴⁸ "Government Auditor Faces Its Own Audit," *Christian Science Monitor*, September 1, 1993.

I think Congress tends to request, probably, a lot of frivolous investigations."

With so many irons in the fire, some Members of Congress wonder whether the GAO is fully equipped to keep up. Critics complain that the quality of reports ranges from excellent to unreliable—a concern echoed by some agency heads.

The newspaper quoted a member's complaint that an issued report had "watered down" what he regarded as a "very strong" draft. The reporter noted that, "The GAO strongly disputes that suggestion. The key factor influencing the final report was that the GAO finally obtained a written opinion from the Justice Department's Office of Legal Counsel."

He added that, "As a rule, GAO officials vehemently deny that politics plays any role in report findings. 'We work very, very hard here, not only to accept the work on a bipartisan basis, but to make sure that the work is done in an independent and objective fashion,' Bowsher said."¹⁴⁹

Other newspapers reported on members' reactions to reports that GAO issued on Canadian health care, grazing fees, issues affecting the water flow of the Missouri river, and the question of a line-item veto.¹⁵⁰

¹⁴⁹"Their Turn," *National Journal*, October 23, 1993.

¹⁵⁰For example, "Comptroller General Charles Bowsher has apologized to Senate Appropriations Chairman Byrd for a line-item veto report issued earlier this year that Byrd characterized Thursday as a 'piece of trash.' Byrd said Bowsher had written him a letter 'taking a different position' on the line-item veto than the GAO had taken earlier this year in an unsolicited report, 'Line Item Veto: Estimating Potential Savings.'" Byrd's office Thursday released the exchange of letters between Byrd and Bowsher earlier this year regarding the report. The Byrd letter, dated March 2, criticized GAO for doing an unsolicited report, failing to confer with Byrd before issuing it, and reaching conclusions Byrd said were unfounded. ("Bowsher Apologizes To Byrd for GAO Report," *National Journal's Congress Daily*.) Also, September 18, 1992; "In Public Lashing of GAO, Senators Threaten Agency with Cuts in its 1993 Budget Request," *Roll Call*, February 13, 1992; "Bond Says GAO Lies to Congress; Democrats Call Charges 'Hooey,'" *St. Louis Post-Dispatch*, October 28, 1993; "There's No Account for Congress; Especially if the GAO is Cooking the Numbers," *The American Spectator*, July 1992.

Gail Johnson, a former GAO evaluator, looked back at some of the criticism in 1996. In her view, by 1991:

GAO's responsiveness and policy work generated a backlash. With GAO's institutional role as the critic of the executive branch, it is perhaps inevitable that some Republicans would see GAO's actions in partisan terms. During the 12 years of Republican control of the executive branch, Democratic congressmen were more likely than Republicans to request studies. Since it is GAO's policy to work through the congressional committee structure, most congressional requests come from committee chairs who represent the majority party.

Johnson believed that, "GAO's increased role in policy analysis was also a contributing factor to this wave of criticism. Policy analysis does not lend itself to value-neutral metrics of the accounting debits and credits; the data is often softer and subject to multiple interpretations. GAO, with its tradition of making recommendations, found itself in policy debates. Reports that touch on political interests are bound to generate criticism, typically in the form of challenging either the credibility of its results or its authors."

The former evaluator mentioned two GAO reports which, "received media attention as examples of GAO overstepping its mandate." One was a report GAO issued in 1991 on the Canadian health care system.

The Comptroller General testified that the US 'should' borrow the concepts that work, such as universal access, a uniform payment system, and expenditure controls for physicians and hospitals. While not presented as a formal recommendation, it was interpreted as one by some those who hold different views about how best to reform health care delivery system in this country. This report elicited a storm of allegations of GAO's partisanship and pro-government bias.¹⁵¹

¹⁵¹ "The GAO: The Government's Watchdog Under Fire," Gail Johnson, *The Public Manager*, June 22, 1996.

Looking back at this period in 2006, Bowsher observed in a published interview:

When the Republicans took control of the House, they had some resentment, I think, that GAO had seemingly worked so closely with the chairmen of the congressional committees over the prior 40 years when the House of Representatives was controlled by the Democrats. That allegation wasn't true at all, but that was their perception, since some of those chairmen had not treated the Republicans fairly. It was a rather difficult time.¹⁵²

As part of a TQM initiative, Bowsher decided to examine GAO's communications and relations with the Congress. In 1992, GAO conducted a survey of congressional offices. Its survey team gathered feedback through written questionnaires and interviews. Respondents included 93 congressional staffers. Henry L. (Butch) Hinton, Jr., Helen Hsing, Laurie Ekstrand, Kenneth John, and Keith Bonney served as members of the GAO survey team.

The team members talked to staff of appropriations, budget, and authorizing committees, turning to frequent and infrequent requesters of GAO's services alike. GAO's findings centered on how members and staff viewed GAO's role in the legislative process, perceptions within the committees of GAO's sense of its role, timeliness and usefulness of GAO's reports and testimonies, and the skill and technical expertise of GAO's evaluators. The team reported its findings to senior management. Bowsher also received candid one-on-one briefings from some members of the GAO study team.

Dexter Peach, Assistant Comptroller General (Resources, Community and Economic Development Division) and Butch Hinton (Director of Army issues, National Security and International Affairs Division) briefed the Quality Council on the survey on August 21, 1992. The Comptroller General shared

¹⁵² Donald E. Tidrick, "The Comptrollers General of the United States and a Conversation with the Surviving CGs," June 2006, Bowsher interview conducted in 2005, 26.

the survey findings with employees through an article in *GAO Management News* (August 31, 1992).

The article first addressed the context for the survey: “The appropriate role of GAO was at the heart of charges aired on the floor of the Congress and in the press—that GAO’s work is unduly influenced by the majority. The issue first arose in the debate on GAO’s FY 1992 appropriations and came up again in the House debate on the FY 1993 legislative branch appropriations bill.”

The internal newsletter reported that, “while the survey disclosed that GAO is seen by many as a competent source of credible information, it also raised a number of issues which occupied much of the discussion at the Quality Council meeting.” *Management News* listed these as:

- GAO’s mix of work—from policy analysis to investigative fact-finding;
- GAO’s responsiveness to and timeliness in meeting congressional needs;
- Communications with requesters and others in Congress and within GAO itself about congressional assignments.

The team identified some recurring issues. “The survey’s results in many respects echo concerns raised in numerous GAO studies and reform efforts—both internal and external—over the last 27 years.” The article stated that, according to Bowsher, the survey showed, “that GAO is seen as a useful source of credible information, but there are questions about how we carry out our role.”

In reacting to the survey results, GAO’s officials decided that it should better define its “role as an arm of the Congress; reach a mutual understanding with the Congress on what it can and should expect from the agency, and then develop strategies to institutionalize GAO’s vision as a source of objective information and analysis to support congressional decisionmaking.” Bowsher told GAO’s employees that he believed that some of the issues

needed to be sorted out “with the guidance of the Congressional leadership” but that others could be addressed within GAO.

In May 1993, the Senate Governmental Affairs Committee asked NAPA to examine the roles, mission, and operations of GAO. On October 6, 1994, Sen. John Glenn, the Committee Chairman, and Sen. William Roth (R–Delaware), the Ranking Member, released a joint statement on the NAPA report.

The NAPA report suggests that GAO’s mission and use by Congress has been broadened and expanded in recent years, placing new demands on the agency’s core purpose, skills, and resources. This, in turn, has heightened GAO’s involvement in policy questions and raised concerns by some over the exercise of GAO’s responsibilities and impartiality.

The report makes no recommendation for revising GAO’s statutory charter and concludes there is no evidence of deliberate political or partisan bias in its work. However, there are questions surrounding whether GAO should undertake certain studies that may be politically sensitive and controversial in nature. We recognize that there is always an inherent tension in any political process. And the report does cite aspects in GAO’s relations with Congress calling for further examination. These include: increased sharing of information with Congress, such as strategic plans and on-going projects, improved performance indicators, utilization of outside peer review groups, assignment of detailees, and the use of agency comments on reports.

A month after NAPA presented its report to the Senate committee, U.S. citizens went to the polls in a mid-term election. The Republicans made gains and took control of the House and the Senate when the 104th Congress convened in January 1995. The *Washington Times* reported on December 7, 1994 that, “Staff cuts are the order of the day on Capitol Hill, and not just in lawmakers’ personal and committee staffs. In a meeting with reporters and

editors of *The Washington Times* yesterday, Senator-elect Jon Kyl noted that the so-called investigative arm of Congress - the General Accounting Office - is on the chopping block too, and could be cut by as much as half.”

The agency’s director of public affairs, Cleve Corlett, explained to the public how GAO works. The newspaper reported, “‘The GAO is a non-partisan agency,’ Mr. Corlett said. ‘We have worked for Republicans and well as Democrats.’” The *Washington Times* noted that, “it is wishful thinking to imagine that Republicans didn’t feel like second-class citizens when calling on the GAO, which undertakes its investigations at the request of lawmakers. The agency is only required to make inquiries when prodded by a committee chairman, but Mr. Corlett points out that they extended the same courtesy to minority legislators, honoring the investigative requests of ranking members as well as those of chairs. Even so, Republicans have long felt that the GAO harbors a bias for the Democratic majority.”

On April 5, 1995, *The Hill* newspaper reported on calls by some Senators to slash GAO’s budget. “Some, like Sen. Phil Gramm (R- Texas), want a 50 percent in the GAO’s budget next year.” Other Senators talked about a 25 percent reduction. Bowsher cautioned that if GAO had to take a 25 percent reduction in one year, “I think we could have a real disaster and no longer be a model but a mess.” *The Hill* reported that Bowsher estimated that if GAO had to take such a cut, “1,600 employees would have to be let go in the next nine months.”

The Hill reported that among the minority party members, Sen. Glenn (D—Ohio), spoke out to defend GAO. Glenn pointed out that, “GAO’s cost-saving recommendations in the last 15 years cumulatively have totaled more than \$200 billion. ‘The GAO is one of the success stories in government,’ he said.”

Bowsher later pointed to Glenn’s support of GAO and also that of Sen. Connie Mack (R—Florida) from the other side of the aisle. In

the House, GAO worked with members of both parties, including Representatives William Clinger (R–Pennsylvania) and John Kasich (R–Ohio). “We finally agreed on a three-year reduction.”¹⁵³

Bowsher admitted that, “We do not have a good streamlining process in producing our reports.” The newspaper reported on GAO’s problems with timeliness but found a defender of the agency in the ranks of the new majority in the Congress. “‘Who’s at fault? It seems to me that Congress is the one making all the demands,’ said Sen. William Cohen (R—Maine).”¹⁵⁴

GAO worked to resolve the timeliness issues throughout Bowsher’s term. The Comptroller General sought to reduce the time it took to get reports out but observed that in some instances, such as with GAO’s important work on derivatives, it took time to develop the issues.¹⁵⁵

In 1995, Congress cut GAO’s budget by 25 percent over a 2-year period. Bowsher expressed concern that cuts would “increase the risk that the Congress will not be alerted to potential problems having serious financial consequences. And I am concerned that we will lose the deterrent effect resulting from a strong congressional audit capability.”¹⁵⁶

Belt tightening was already the order of the day. GAO’s internal newsletter published testimony in 1997 that explained what happened during Bowsher’s last years in office.

Our budget was reduced in fiscal years 1996 and 1997 by a total of 25 percent from the 1995 level. Since employee compensation constitutes about 80 percent of our budget

¹⁵³ GAO, History Program, unpublished oral history interview, Charles A. Bowsher May 23, 2011.

¹⁵⁴ “Senate Panel Tells GAO To Do More With Less, Be More Relevant And Produce Timely Reports,” *The Hill*, April 5, 1995.

¹⁵⁵ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 23, 2011.

¹⁵⁶ Charles A. Bowsher, Prepared Testimony Statement, May 26, 1995.

dollars, most of the actions taken to manage the budget reductions necessitated a loss of people. Today, as a result of those reductions, GAO's staffing is at its lowest level since before World War II.

To manage the reduction in staff, we continued the hiring freeze which has been in place since 1992, obtained Congress' permission to pay 'buyouts' to employees willing to leave voluntarily, and offered early-out retirement to eligible staff. Several hundred staff were also involuntarily separated as a result of the closure of three field offices and the elimination of many administrative, technical, and support positions, mostly at headquarters. In addition, GAO transferred its claims function to the executive branch. At the end of fiscal year 1996, we had about 3,500 staff on board, which amounted to a 35-percent workforce reduction since fiscal 1992.

The article also noted that GAO stopped funding bonuses in 1992 and had frozen promotions and awards for the last 2 years of Bowsher's term. GAO also reduced funding for travel, training, subscriptions, supplies, and equipment by nearly 40 percent. Other cost savings resulted from consolidation of local audit sites and from office closures, which reduced money spent on renting office space by \$11 million. GAO also reduced by nearly 38 percent the amount of money spent on information technology.

GAO undertook discretionary and mandatory organizational changes, as well. A provision in the FY 1996 legislative branch appropriations act transferred GAO's claims settlement function to OMB. GAO had done claims work since its establishment in 1921. Its staff settled claims by and against the government, considered appeals, administered payments in certain cases where the government was found liable for monetary damages, and paid employee claims under the provisions of the Davis-Bacon Act.

GAO's weekly newsletter reported, "'We are losing a large part of GAO's legacy,' Deputy General Counsel for Operations

Kathy Wannisky said Special Assistant to the Comptroller General Jim Hinchman noted that settling claims--a function which originated in the Treasury in 1789--was one of the oldest traditions in GAO. ‘Over the years, GAO’s claims examiners have produced a body of rulings promoting consistency and fairness in the management of the work of the U.S. government. You deserve to feel proud of the work you have done on behalf of the citizens of the United States,’ he said.”¹⁵⁷

Bowsher abolished the Program Evaluation and Methodology Division (PEMD) in 1996, dispersing its analysts throughout GAO’s divisions. The move attracted some press attention. *Roll Call* reported “concern on the Hill.” The newspaper noted that PEMD recently had released “a controversial report on Operation Desert Storm . . . suggesting that more expensive aircraft did not perform better than cheaper planes.” The reporter said of the division that, “in past years it has issued studies challenging assumptions held on both sides of the aisle.”

According to *Roll Call*, views of the PEMD division among Capitol Hill staff diverged. “One House aide praised the unit as ‘a terrific outfit,’ suggesting its critical studies had made some agency officials responsible.” *Roll Call* quoted a Senate Republican aide who “said the division has been more critical of the Pentagon than the GAO’s defense branch ‘They were working like guerillas. . . sort of like the North Vietnamese working in Laos and Cambodia, those border areas.’”

The reporters pointed out that, “sources in both parties expressed concern that the reforms might ultimately undermine GAO’s effectiveness as a watchdog agency.”

GAO explained that it acted in order to streamline operations. The division, which once had 100 people, had shrunk to a staff of 59 and, in administrative terms, no longer merited a separate support

¹⁵⁷ GAO *Management News*, June 10, 1996 and July 8, 1996.

staff. GAO assured reporters that the move would not result in any firings.¹⁵⁸ Sen. Barbara Boxer (D-CA) told *Roll Call* that she would miss PEMD's analyses of "contentious issues." She said of the division's work, "It makes you a better legislator."

In FY 1996, GAO implemented a Reduction in Force. In a memorandum to "All GAO Employees," Bowsher explained on August 7, 1995 that congressional conferees had agreed "that it was their intention to achieve a 25 percent reduction" for GAO by 1997. He told employees, "I regret the need for a staff reduction, and I am sensitive to the personal impact on the affected staff and their families. Please be assured that an array of services will be provided to the affected staff to help them cope with these reductions. We will use the recently implemented buyout and early out programs to maximize voluntary separations."

Bowsher thanked employees for their "hard work, dedication and commitment to excellence." He observed, "This agency has performed admirably in the face of considerable stress and uncertainty."

In addition to authorized buyout and early out programs, the downsizing plan included:

- closure of the New York and Detroit offices and the Health and Human Services Division audit site in Baltimore;
- reduction of administrative, technical, and support positions by approximately 350;
- consideration of the feasibility of contracting out selected administrative and support functions and activities;
- examination of opportunities to reduce the management workforce, including senior executives and Band III (GS-15 level) managers;

¹⁵⁸ *Roll Call*, "Cuts Kill GAO Evaluation Division: Agency Officials Say They're Responding to Congress's Demand for 25 Percent Budget Reduction," July 18, 1996.

- reducing the number of staff in staff offices and ensuring that evaluators were performing work that could only be performed by evaluators;
- providing appropriate services to staff adversely affected by downsizing to help them cope with job loss or disruption;
- developing a detailed communications plan to provide timely, understandable, accurate, relevant, and useful information during the downsizing process;
- evaluating issue area and core group structures and alignments in the face of office closures and staff departures.¹⁵⁹

In an article in the *National Journal*, reporter Eliza Carney asserted that:

GOP leaders originally considered cuts as high as 50 per cent in one year, but eventually conceded to 25 per cent over two years, starting with 15 per cent in fiscal 1996. That will pare the GAO's staff to 3,500--down from 5,300 in 1992.

. . . . "I give the Congress high marks for taking on the budget deficit," Bowsher said. "I think it's absolutely necessary, and we want a smaller government. There's no question about it." Bowsher added that the "GAO should do its part by being smaller."

Carney stated that, "GAO reports, the agency's fans argue, have saved the government billions and billions of dollars by exposing everything from wasteful inventory practices at the Defense Department to Medicare overpayments for diagnostic services." She added that Bowsher pointed to GAO's "early warnings in the savings and loan crisis" and that he cautioned, "All auditors worry

¹⁵⁹ "Memorandum to the Comptroller General from the Special Assistant to the Comptroller General, James F. Hinchman," July 31, 1995, Attachment to Memorandum to "All GAO Staff from the Comptroller General," August 7, 1995.

that you are going to not catch something or you are going to miss something as it develops.”¹⁶⁰

The Personnel Appeals Board examined GAO’s downsizing and the involuntary separations that resulted from the FY 1996 Reduction in Force (RIF). It found that black females under the age of 40—a group not eligible for retirement—made up a disproportionately large number of those who were RIFed. It reported that 58 percent (65) of the 112 employees who were RIFed in June 1996 were black females. However, black females made up 16.26 percent of GAO’s employees. The PAB noted that black males made up 5.58 percent of the GAO workforce and were 10.7 percent of those RIFed.

GAO sought to minimize the extent to which it might have to run a RIF by offering separation incentives in 1995. The PAB reported that the separation incentive program resulted in “393 employees voluntarily leaving GAO before the September 30, 1995 deadline for the buyout and early retirement offers. In November 1995, GAO closed the New York, Cincinnati, and Detroit field offices, resulting in the separations of 205 employees. More than half of the field employees were RIFed; the remainder resigned, retired, or transferred to another Federal agency.”

Attrition also reduced GAO’s ranks. “During the 15 months of the staff reductions, normal attrition also occurred with 171 employees leaving the agency for a variety of reasons. By the end of the core 15 month period of downsizing, a total of 905 employees separated from the agency.” However, GAO did have to separate involuntarily some field and headquarters mission and mission support staff. The study reported that, “During the core quarter of the agency-wide RIF (April 1, 1996 through June 30, 1996), a total of 229 employees left the agency. Of those, 143 received RIF notices; 112 were ultimately RIFed.”

¹⁶⁰“Losing Support,” Eliza Newly Carney, *The National Journal*, September 23, 1995.

The PAB found that although “the overall impact of downsizing on the agency’s EEO profile was negligible, the non-field related RIF, albeit fairly contained, did have EEO implications by virtue of the fact that the administrative, support, and clerical job series’ targeted for the RIF were predominantly female and minority. The general RIF was concentrated in those series in which there had not been historical underrepresentation of minorities and females at GAO and it may have been compelled by the fact that many of the positions had been rendered obsolete or redundant due to rapid and widespread technological advances at GAO.”

The PAB concluded that, “By striving to reduce the number of employees who ultimately had to be RIFed, the agency mitigated the overall impact of the RIF on its employees and preserved its workforce diversity.”¹⁶¹

GAO updated the Congress throughout the downsizing efforts. In testimony on May 23, 1996 before the Subcommittee on Civil Service of the House Committee on Government Reform and Oversight, John Luke, Deputy Assistant Comptroller General for Human Resources, told the members of Congress, “I would like to publicly recognize our staff--those being involuntarily released as well as those remaining. They have made the best of a very difficult situation. We are proud of them.” In June, Senator Connie Mack, chairman of the Senate Legislative Appropriations Subcommittee, praised GAO. “You should be a model for other agencies,” he told Bowsler.¹⁶²

GAO sought to retain the necessary levels of productivity required for its mission while absorbing cuts to its budget. In assessing its work during fiscal year 1996, GAO reported to the Congress that,

As a result of GAO’s recommendations and audit findings, the legislative and executive branches took actions with

¹⁶¹ “Downsizing at the U.S. General Accounting Office,” Personnel Appeals Board, Office of EEO Oversight, 1997.

¹⁶² GAO *Management News*, June 3, 1996 and June 24, 1996.

financial benefits of over \$17 billion. These actions included budget reductions, costs avoided, appropriation deferrals, and revenue enhancements that are directly attributable to or were significantly influenced by GAO's work.

Further, we made other recommendations and documented audit findings that resulted in or contributed to improvements in the effectiveness and efficiency of government operations and services. Although these improvements cannot always be quantified in monetary terms, their impact is significant because they lead to a better-run, more streamlined government. Past experience shows that about 70 percent of our key recommendations are implemented within 4 years, through the passage of implementing legislation and agencies' corrective actions.

In all, we produced 1,306 audit and evaluation products. These products include 908 reports to Congress and agency officials, 217 formal congressional briefings, and 181 congressional testimonies delivered by 68 GAO executives before 85 congressional committees and subcommittees. We also provided 29 statements for the record to congressional committees and subcommittees and produced 3,041 legal decisions.¹⁶³

¹⁶³ Acting Comptroller General James F. Hinchman testimony on February 11, 1997, before the legislative subcommittee of the House Committee on Appropriations (GAO/T-OCG-97-1), as quoted in *Management News*, February 17, 1997.

13. GAO's Workload and Regional Office Structure

As Bowsher considered how best to handle GAO's workload, he asked for assessments of the agency's use of resources, including those in GAO's field offices. Bowsher's first assessment of the agency's field offices occurred as early as 1988. In 1988, GAO had two overseas offices and 16 regional offices supported by small sub-offices.¹⁶⁴

GAO established a European Office in Paris, France in 1952. The office moved to Frankfurt, Germany, during the 1960s. Its staff carried out assignments in Europe and Africa. Occasionally, they became players in news stories. In 1992, William Anderson, director of the European Office, visited the village of Derre in Mozambique along with GAO evaluators Pat Dickriede and Ann Calvaresi-Barr. The GAO team observed food relief efforts sponsored by the Agency for International Development. Estimates then put 500,000 to 1 million residents of the region at risk of starvation. *Management News* reported on August 24, 1992 that:

while in Derre, the GAO team came across a young girl—no older than 11—who had been shot in the leg by guerrilla troops while she was out foraging for food. The GAO trio spoke to the pilot of their small plane, who agreed to airlift the girl to the provincial capital of Quelimane where medical care was available. Anderson, Dickriede, and Calvaresi-Barr paid for both the transportation and medical care for the young child, whose name they were never able to learn . . . "Terrorism is a way of life in many part of the country," Dickriede observed. "Even though we were able to save one victim, there are thousands and thousands more every day."

¹⁶⁴ Most of the following information on GAO's actions and plans regarding the regions from 1952 through 1991 derives from a report on its regional structure and operations prepared in 1991. It is contained in a letter, Charles A. Bowsher to Sen. Harry Reid, December 17, 1991, with attached appendices and cover note, Stan Czerwinski to Maarja Krusten, December 18, 1991. Information on actions taken from 1992 through 1996 derives from a January 1999 overview of GAO's field offices prepared by the office of the Assistant Comptroller General, Operations.

"She was very frightened," Dickriede said of the child, but the GAO team soon won her over with M&Ms and other distractions on the flight to the hospital. Her injury was severe; the leg bone was shattered by high-power AK47 rifle fire, Dickriede said.

The Far East Office opened in 1956 and initially operated out of Tokyo, Japan. GAO later moved its staff to Honolulu due to the high cost of living in Tokyo. GAO also maintained what it called a "foreign" office in Panama, which it periodically de-activated and then re-activated, as needed. Bowsler closed it for good in 1988.

Initially, audit staff in regional offices in the United States worked on financial, contract, and compliance reviews. As GAO expanded the scope of its work and the topics it examined, the work done in its regions changed. By the early 1980s, some jobs were being done as single region reviews, others as nationwide assignments, and others using what was called a fly-through approach. From the mid-1960s through the late 1980s, GAO solicited articles from employees of various ranks for an internal publication, *The GAO Review*. In a series about the regions, auditors described their work and pointed to the human side of working for GAO.

GAO had long established roots in some parts of the country. Its War Contract Project Audit Section staff first did field work in the Chicago area in 1942. Chicago was established as a Regional Office in 1952 and gained St. Paul as a sub-location in 1960. In the late 1960s, Chicago was one of the regions that worked on the reviews of Great Society anti-poverty programs, which led GAO into program evaluation. The author of an article about the region in 1981 looked back at the anti-poverty work done during Elmer Staats's term.

Much of our field work was done in the inner city at a time of national civil unrest. The regional office set up a system to notify staff of any problems near the worksite.

Tensions did rise at one site when a youth who failed to receive his paycheck decided to express his criticism of the program with a pistol. The next day, armed guards accompanied our auditors to retrieve the workpapers.

The author added dryly that it was “possibly the fastest closeout in GAO’s history.”

The author also observed that hot weather hampered some of the early program evaluation work. A gust of wind blew in the window of GAO’s un-air conditioned office, “sending a stack of workpapers and agency documents whirling down to Canal Street.” Auditors had to run “all over the street to pick them up.”

In the early 1980s, audit staff in the Chicago region worked on assignments involving energy and non-fuel materials, food, transportation (including air traffic control issues), tax administration, environmental protection, housing and community development, health care (the Mayo Clinic is in the region), and military preparedness. At the start of Bowsher’s term, three of the states covered by the Chicago Region had 18 nuclear plants, over 25 percent of those in all of the United States. Some of Chicago’s audit work was done at Rock Island (which had been built by Confederate prisoners in 1962). It housed an army manufacturing arsenal, the largest in the United States at the time Bowsher took office.¹⁶⁵

GAO’s move into program evaluation in the late 1960s and early 1970s brought changes to the work done by some of the other regions. Audit staff in Philadelphia moved from an emphasis on defense work to doing more work with civil agencies. GAO’s Philadelphia office focused on income security, general procurement, logistics, management, transportation systems, and domestic housing and community development.

¹⁶⁵The *GAO Review*, Summer 1981.

Its Pittsburgh sub-office concentrated on energy and housing-related audits. The author of a profile of the region noted in 1982 that, “The Philadelphia staff led the now famous review to determine if the Federal program to control rat infestation was working. This job became the central example of ‘program results’ work in a basic supervision course taken by many GAO evaluators.”¹⁶⁶

When it was established in 1952, the Denver Regional Office concentrated on Air Force audit issues. By the beginning of Bowsher’s term, Denver was doing a wide range of civil and defense work. Its staff did audits at the Air Force Accounting and Finance Center and defense-related reviews at the North American Defense Command in Colorado Springs. Denver’s work covered land use and natural resources, such as mining, mineral and non-fuel minerals or materials, energy, water, food, and agriculture. Its workload in the energy area increased after an energy crisis hit the United States in the 1970s. At the time, one-third of the land in the Rocky Mountain region was federally owned.

Before the age of video and teleconferencing, regional staff spent many hours on the road, especially in the West. Denver Regional Manager Robert Hanlon, who had worked in Cincinnati, observed in 1981 that while he could fly to headquarters in Washington, DC, from Ohio in a little over an hour, it took him much longer to drive just to one of the regional sub-locations in the Denver Region. Auditors sometimes spent 8 or 10 hours on the road, as many small towns in the Rocky Mountain area then lacked air service and could only be reached by car.¹⁶⁷

Geography and regional populations affected work in GAO’s field offices. Auditors from the Seattle Regional Office worked in diverse areas such as energy and land-use planning and management, health, education, procurement, law enforcement,

¹⁶⁶The *GAO Review*, Summer 1982.

¹⁶⁷The *GAO Review*, Fall 1981.

environmental protection, and income security. They also worked on issues dealing with Native Americans and Alaskan natives.¹⁶⁸

Regional offices typically had staffs of 100 employees or more. Staffing at sub-locations ranged from 5-15 people at the smaller ones and 40-50 people at the larger ones. GAO recognized that changes in telecommunications technology and transportation (especially in the area of airline fares) might enable it to shift some resources allocated to regional offices. An internal task force studied GAO's regional structure in 1988 and concluded that 9 sub-locations could be closed. GAO also closed its Washington Regional Office—one of its largest field offices, with 212 staff—in 1988.

In 1982, GAO had 2,163 employees stationed outside the Washington metropolitan area. By 1992, the number of field personnel was down to 1,762. GAO noted in 1992 that, “twenty-five years ago staffing in the field accounted for about 43 percent of GAO's total. Today only about 35 percent of our people are in the field.”

GAO also worked to develop issue area expertise in the regions. By placing managers in the field whose responsibility it was to work on specific program areas, GAO hoped to streamline assignment staffing and management and reduce report review levels. GAO reported in 1991 that, “starting in 1990, we asked our divisions and regions to get together to designate for each issue area the geographic areas where it made the most sense to do the bulk of the field work.” It also tested the idea of consolidating leadership of two regional offices (Chicago and Detroit), which shared common issue areas.

In 1993, Congress asked GAO to take another look at its regional offices. A high-level committee examined travel costs, as well as why work was being done at each office outside Washington.

¹⁶⁸The *GAO Review*, Fall 1980.

GAO decided in 1993 to close two field offices (Cincinnati and Philadelphia) and six sub-offices. Boston and New York were placed under the same manager, as had already been done with Chicago and Detroit. The Associated Press reported on December 1, 1993 that GAO “found that new technologies and shifting government spending ‘have significantly changed how and where we gather data.’ The changes diminished the need for regional offices, the study said. Staff at closed offices will be offered transfers.”

To ensure that their roles and responsibilities aligned with changing operational requirements, GAO examined the work of its Regional Managers in 1994. Their roles varied as some regional offices, such as the one in Norfolk, Virginia, worked largely for one functional unit—the National Security and International Affairs Division. Other regional offices served multiple issue areas. In such locations, the Regional Managers needed to manage the areas between core groups.

The managers also had leadership, representational, and human resource roles. These included partner-type responsibilities for implementing office policies and initiatives, ensuring workload balance and the rotation of staff among core groups, and, until budget cuts affected hiring, recruiting staff. Working with local federal government agency representatives, they also helped facilitate data gathering efforts for GAO’s audit and evaluative assignments.

When Congress cut GAO’s budget 25 percent over 2 fiscal years, the agency’s downsizing affected staff in the field as well as those in Washington. GAO shut down its European and Far East offices. In a move that affected 205 staff, GAO closed the New York, Cincinnati, and Detroit offices. Unlike with past closures, it could offer no transfers to affected employees.

Bowsher observed later that GAO closed some locations “that were not as needed” as times and conditions changed. He pointed

to Detroit, for which the lead program during his tenure was education. The issue area was not as strongly linked to Detroit as aviation had been during its heyday in World War II. In other instances, the cost of living was one of many factors in deciding which offices should remain open. This was the case for locations such as New York City, as GAO considered how to recruit experts on banking and brokerage issues. Bowsher noted that working on some of those issues with staff from Washington (housing costs were not as high in Metro Washington) helped bring in specialists to the agency.¹⁶⁹

¹⁶⁹ GAO, History Program, unpublished oral history interview, Charles A. Bowsher, May 23, 2011.

14. Conclusion

As John McCarl ended his term as the first Comptroller General in 1936, he sent a letter to all of GAO's employees. He urged them to "be ready . . . don't fail the Congress." He predicted that there might be ups and downs: "You must expect periods of discouragement as the forces you must constantly combat are powerful and resourceful, and it may appear at times that even the Congress has deserted you, but don't give up—don't even be downhearted—just keep fighting on for law observance and honesty in government."

During his last year in office, Bowsher looked back 75 years to the debate on GAO's enabling legislation (the Budget and Accounting Act of 1921). Rep. James Good (R-IA) declared in 1921 that, "it was the intention of the committee that the Comptroller General should be something more than a bookkeeper or accountant; that he should be a real critic, and at all times should come to Congress, no matter what the political complexion of the Congress or the Executive might be, and point out inefficiency."

Bowsher noted that, "it was the first Comptroller General, John McCarl, who set the pattern of independence and integrity that has marked GAO throughout its 75 years. . . . This credibility that was hard-won in the early days of the 1920s and 1930s continues as GAO's bedrock value as it prepares to enter the 21st century. GAO remains today an organization who jealously guards a reputation that is based on objectivity, fairness, impartiality, and independence. GAO's credibility goes hand in glove with its ability to serve the Congress."

He also looked to the future, explaining that:

As the 20th century winds down, GAO has new challenges to meet. We are charged by the expanded CFO Act with auditing, in 1997, the first consolidated financial statements of the federal government. For GAO, this is an unprecedented undertaking. Never before has the federal government been

subject to an independent financial audit — something routinely demanded of every public corporation in America and which has been required for state and local governments since the Single Audit Act of 1984.

Such an audit promises to provide Congress and the American people with the first reliable financial data on the operation of the federal government. GAO also has a major role to play in monitoring the new Government Performance and Results Act (GPRA)—a law that requires federal agencies to set strategic plans and performance measures that will track results. Together, the CFO Act and GPRA hold the potential for vast improvement in the management of Federal agencies and programs. GAO is proud of its role in implementing these laws.

Finally, GAO intends to continue meeting the needs of Congress with work that is objective and independently derived; accurate, timely and meaningful; and presented in a way that is most useful to responsible officials. Wherever our services are required, GAO takes seriously its mission to seek honest, efficient management and full accountability throughout government. In areas as diverse as energy and housing, law enforcement and banking, health care and education, information technology and financial management, international affairs and defense program evaluation and methodology, GAO seeks to serve the public interest.¹⁷⁰

Knowledge of the history of the United States and of GAO enabled the Comptroller General to keep the events of his tenure in perspective. As he told members of the National Association of State Auditors, Comptrollers and Treasurers in a speech on July 19, 1993:

¹⁷⁰ Charles A. Bowsher, Prepared Statement, Congressional Oversight: The General Accounting Office, T-OCG-96-2, April 30, 1996, 15-16.

When GAO was created in 1921, its job was to check the government's financial transactions—one voucher at a time. By World War II, those vouchers were arriving in boxcars, and GAO's 14,000 clerks were all but buried in paper. So in 1950, Congress reinvented GAO.

From that point forward, individual agencies would check their own vouchers; our job would be to audit the agencies' financial operations as well as to assess their efficiency and economy and their compliance with laws and regulations. We downsized to 6,000 by 1954, to 4,000 by 1965. We shifted our hiring from clerks to professional accountants.

15. Epilogue – The Tenure of Acting Comptroller General James F. Hinchman

After Bowsher’s term ended on September 30, James Hinchman served as Acting Comptroller General from October 1, 1996 until November 9, 1998. Hinchman graduated with a law degree with honors from Harvard, where he had served as editor of the *Harvard Law Review*. Before joining GAO in 1985, he worked as a lawyer at a number of executive branch agencies, among them what was then the Department of Health, Education, and Welfare; HUD; and OMB.

At the time he accepted a position as Deputy General Counsel at GAO in 1985, Hinchman was serving as associate general counsel at the Department of Agriculture. In 1987, Hinchman became GAO’s General Counsel. Charles Bowsher named him to the number two spot at GAO in 1993. He initially had the title Special Assistant to the Comptroller General, as had his predecessor, Milton J. Socolar. In September 1996, Bowsher changed the title of his *de facto* deputy to Principal Assistant Comptroller General.¹⁷¹

In testifying on GAO’s budget request in 1997, Hinchman noted the need to “stabilize our organization and maintain our capacity to serve Congress effectively.” He explained that, “The General Accounting Office was created to help ensure that taxpayers’ dollars are wisely spent. We seek to fulfill this mission by encouraging honest, efficient management and full accountability throughout the federal government. We serve U.S. interests by providing Congress, other policymakers, and the public with accurate information, unbiased analyses, and objective recommendations on the use of public resources.”¹⁷² In October 1997, as the FY 1998 Legislative Branch Appropriations Act increased GAO’s funding by \$8.5 million over the previous year, Hinchman was able to announce the lifting of the hiring freeze at GAO.

¹⁷¹ GAO *Management News*, September 23, 1996.

¹⁷² Fiscal Year 1998 Budget Estimates for the U.S. General Accounting Office, T-OCG-97-1, February 11, 1997.

GAO continued to carry out audit, investigative, and evaluative assignments, some self-initiated and some in response to mandates, including recently passed reform legislation. In 1997, Hinchman explained developments in improving government efficiency:

There has been a groundswell movement in recent years toward performance-based management in public sector organizations. The federal government, as well as state, local, and foreign governments, have grappled with how best to improve effectiveness and service quality while limiting costs. In response, these governments have implemented reform agendas that have tended to include a common recognition that improved management was a critical part of the answer to meeting demands for a government that accomplishes more while economizing on resources.

A part of this common recognition was the widespread acceptance of the need to shift the focus of government decision-making and accountability away from a preoccupation with the activities that are undertaken—such as grants or inspections made—to a focus on the results of those activities—such as real gains in employability, safety, responsiveness, or program quality. The key concepts of this performance-based management are the need to define clear agency missions, set results-oriented goals, measure progress toward the achievement of those goals, and use performance information to help make decisions and strengthen accountability.

Congress, too, has recognized the need for improved federal management and a greater focus on results and has put in place a statutory framework for achieving those ends. This framework includes the Chief Financial Officers (CFO) Act and information technology reform legislation, in particular the Clinger-Cohen Act of 1996 and the Paperwork Reduction Act of 1995. The Government Performance and Results Act, commonly known as “GPRA” or “the Results Act”—is the centerpiece of the framework. As agencies implement

this framework, Congress also intended for the acts to be useful to Members by providing information pertinent to a broad range of management-related decisions in their capacities as Members of budget, authorization, oversight, and appropriations committees.¹⁷³

In the late 1990s, GAO issued a number of reports on what it broadly referred to as the Year 2000 Computing Crisis (commonly referred to as Y2K).¹⁷⁴ Assistant Comptroller General for Accounting and Information Management Gene Dodaro stated in congressional testimony that:

The public faces a risk that critical services could be severely disrupted by the year 2000 computing crisis. Financial transactions could be delayed, airline flights grounded, and national defense affected. The many interdependencies that exist among governments and within key economic sectors could cause a single failure to have adverse repercussions.

He noted that, “every organization also depends on services provide by the public infrastructure--including power, water, transportation, and voice and data communications.”

Potential problems stemmed from the fact that early computer programming often used only two digits to indicate the year. GAO examined a number of adjustments required for computer systems and applications throughout governmental and private sector enterprises in order to avoid problems on January 1, 2000. In March 1998, GAO issued a guide to help federal departments and agencies draw up plans that would enable them to operate regardless of whether all their computer systems were Y2K compliant on January 1, 2000. At the same time, *Federal Computer Week* named Joel Willemsen, director of GAO’s civil agencies

¹⁷³ Testimony, James F. Hinchman, Acting Comptroller General of the United States, Senate Appropriations, Joint Hearing, Implementation of Government Results Act, June 24, 1997.

¹⁷⁴ GAO website, <http://www.gao.gov/y2kr.htm>

information systems group, as one of the 100 people who made the greatest impact on federal information management during 1997.

In reporting on the honor, GAO's internal newsletter noted that "Willemsen was cited for 'bird-dogging the year 2000 issue.'" The writer explained the recognition: "The General Accounting Office, through Joel Willemsen, has been an indispensable resource to the government management subcommittee in our efforts to provide oversight of the year 2000 conversion within the federal government," said J. Russell George of the House Committee on Government Reform and Oversight."¹⁷⁵

During FY 1997, the agency produced 1,337 audit and evaluation products. Topics included aviation security and safety, national security, income security, health care financing, tax administration, financial management and accountability, and information technology. Eighty-three percent of GAO's work was done in response to statutory mandates or in response to requests from Congress. Financial benefits from GAO's work in 1997 were the highest in 5 years.¹⁷⁶

GAO also issued the third in its series of High Risk reports in 1997. It added five new entries to the list of federal programs considered to be high risk because of vulnerabilities to waste, fraud, abuse, and mismanagement: the Year 2000 problem, information security, defense infrastructure, supplemental security income, and the 2000 decennial census.

Assistant Comptroller General Dodaro testified that, "The government can gain major benefits by focusing on the resolution of high-risk problems and fully and effectively implementing the legislative foundation established for broader management reforms. As countless studies by GAO have long noted and our high-risk series of reports demonstrates, federal agencies often fail

¹⁷⁵ GAO *Management News*, March 30, 1998.

¹⁷⁶ Comptroller General's Annual Report, 1997, 5.

to appropriately manage their finances, identify clearly what they intend to accomplish, or do the job effectively with a minimum of waste. Left unresolved, persistent and long-standing high risk areas will result in the government continuing to needlessly lose billions of dollars and missing high opportunities to achieve its objectives at less cost and with better service delivery.”

GAO’s work and resource allocations continued to draw attention from journalists and legislators. Nearly a year into the Hinchman interregnum, columnist Stephen M. Ryan wrote that:

GAO’s continued probity and integrity is correctly, if grudgingly, respected by friends and foes. It remains a highly graded agency with bright and well-intentioned workers. A coterie of personnel who head major groups at GAO would be successful anywhere.

Most times, GAO’s steady plugging advances public policy. On occasion, GAO has taken strong and courageous stands long before they became publicly popular, demonstrating that this or that government program was a Potemkin village with a nice face but no substance.

But Ryan added that on rare occasions, some observers felt that GAO “squandered” its “carefully built credibility by hectoring some programs relentlessly, without offering solutions. Perceived grandstanding by auditors is never palatable to those forced to dine again and again on the same piece of crow.”¹⁷⁷

GAO’s work on Gulf War issues continued to make headlines. On June 19, 1997, Dana Priest reported in the *Washington Post* that GAO had concluded that there was “substantial evidence” that “low-level exposure to poison gas weapons could cause delayed or long-term ailments of Gulf War veterans.” A few weeks later, the *Washington Times* reported that GAO had “hit” what the

¹⁷⁷“GAO Needs a Strong Replacement for Bowsher,” *Government Computer News*, June 4, 1997.

newspaper called “Pentagon high-tech bragging” about bombs and weapons systems during the Persian Gulf War.

An article in *Defense Week* noted that, “numerous post-conflict Pentagon and defense contractor claims about meeting war objectives and demonstrating weapons performance ‘show a pattern of overstatement,’ according to a declassified GAO report. The DOD initially classified 85 of the findings in the July 1996 GAO report, *Operation Desert Storm: Evaluation of the Air Campaign*. GAO concluded that ‘although some initial claims of accuracy and effectiveness of these systems were exaggerated, their performance led, in part, to perhaps the most successful war fought by the United States in the 20th Century.’”¹⁷⁸

In the summer of 1997, Rick Rothacker of *Legi-Slate News Service* reported that:

The General Accounting Office would be restricted to doing only the bidding of members of Congress and could not take on investigative projects of its own if a provision in the Senate’s version of the 1998 defense budget bill becomes law.

Representing yet another round of Republican payback against auditors, investigators and policy analysts whom some GOP lawmakers feel are straying from their traditional role, the restriction would apply to all types of reports done by the GAO, not just defense studies.

According to Rothacker, as “written by its sponsor, Sen. John McCain, R-Ariz., the restriction specifically requires the GAO to certify that it has completed all congressional requests before beginning any self-initiated probes.”¹⁷⁹ According to *Defense Week*, “McCain. . . is angry at what he sees as an institutional

¹⁷⁸ “GAO Questions U.S. Air Power Impact on Gulf War,” Tony Capaccio, *Defense Week*, June 30, 1997.

¹⁷⁹ “Republicans Seek to Limit Congressional Auditors From Taking the Initiative,” Rick Rothacker, *Legi-Slate*, GAO Clippings, Office of Public Affairs, June 19, 1997.

tendency at GAO to lag on fulfilling congressional requests.” A McCain aide pointed to a tardy assessment of Gulf War illness. “All McCain wants is for them to give priority to members’ requests,” the aide said. “We like GAO. We are not trying to cut their workload to cut their budget.”¹⁸⁰

Hinchman responded that self-initiated work “is fundamentally essential to fulfillment of GAO’s mission as an independent audit and evaluation agency responsible for providing the Congress with objective and nonpartisan information.” He noted that, “self-started audits are needed to follow up on leads from other inquiries, identify trends that lead to investigations requested by members and initiate evaluations that cut across various fields and committee jurisdictions.” Sen. Carl Levin (D – MI) argued that GAO “should be allowed to pursue its historical mission of finding ‘waste, fraud and abuse’ in government operations.”¹⁸¹ When the Senate passed the final defense appropriation, it did not include a prohibition on GAO doing self-initiated work.

The Government Performance and Results Act of 1993 provided for establishment of strategic planning in the federal departments and agencies and for performance measurement. In September 1997, House Majority Leader Dick Armey (R—TX) thanked GAO for its work in a message headed, “GAO’s Outstanding Results Act Work.” He noted in remarks published in the *Congressional Record* (September 23) that:

Our evaluations and feedback on agency draft plans drew heavily on analyses done for us by the General Accounting Office. I want to take this opportunity to commend the GAO and its many dedicated employees for their superb work on this project . . . The reports were uniformly thorough and insightful.

¹⁸⁰ “Miffed McCain Hopes to Refocus GAO Reviews,” Tony Capaccio, *Defense Week*, June 16, 1997.

¹⁸¹ “Republicans Seek to Limit Congressional Auditors From Taking the Initiative,” Rick Rothacker, *Legi-Slate*, GAO Clippings, Office of Public Affairs, June 19, 1997.

Their detailed analyses and constructive criticisms provided invaluable assistance to us, to our committee teams, and to the agencies.

GAO's ability to produce so much outstanding work in such a short time period is a tribute to the breadth of knowledge, expertise, and commitment of its outstanding staff. Each of the individuals involved in this project can rightly be proud of his or her accomplishment. This project reflects the highest standards of GAO's service to the American taxpayers.

Hinchman noted of GAO's Results Act work, including the short-turnaround assessment of 28 federal agencies' strategic plans, that it was a remarkable accomplishment that attested "to the depth of knowledge of federal programs and operations possessed by GAO staff members, as well as their dedication to getting the job done in the face of a heavy workload."¹⁸²

In 1998, GAO fulfilled one of Charles Bowsher's stated goals for improving financial management when it completed work on an historic first consolidated financial statement for the U.S. Federal Government. It issued a disclaimer, stating that, "significant financial statement weaknesses, problems with fundamental recordkeeping, incomplete documentation, and weak internal controls, including computer controls, prevent the government from accurately reporting a large portion of its assets, liabilities, and costs."

However, Hinchman explained that, "with a concerted effort, the federal government, as a whole, can continue to make progress toward generating reliable information on a regular basis. Annual financial audits are essential to ensuring the effectiveness of the improvements now underway."¹⁸³

¹⁸² GAO *Management News*, August 18, 1997.

¹⁸³ GAO *Management News*, April 6, 1998.

The Acting Comptroller General worked to improve GAO's operations. Early in 1998, Hinchman described a wide range of initiatives aimed at making GAO more responsive to the Congress and enhancing the quality and timeliness of its products. He reported that, "compared to fiscal year 1996, the cost of our assignments in fiscal year 1997 were reduced by nearly 25 percent and their duration by about 20 percent." GAO continued to work on streamlining work processes and using new technological tools to help improve product timeliness and work efficiency.

By Hinchman's tenure, most of GAO's employees had their own computers at work. Those with computers at home were able to dial-in to GAO's Novell CC Mail email messaging system after hours by using programs such as Reachout. On June 18, 1998, Acting Comptroller Hinchman and members of GAO's Work Life Committee received an award for outstanding work and family programs from the U.S. Office of Personnel Management. The committee was formed in 1994 while Bowsher was Comptroller General.

In nominating GAO's work-life program for the award, members of the committee explained that it "offers and meets a wide range of physical, emotional, and personal needs, and enables GAO employees to contribute to the agency's goals and objections, while carrying out personal, family, and community responsibilities."

GAO instituted some of these family-friendly practices early in Bowsher's tenure. For example, starting in 1985, GAO allowed male and female employees to take up to 6 months of leave without pay for the birth or adoption of a child. (This was twice the amount later suggested for other employers under the Family and Medical Leave Act). As more and more employees acquired computers at home or took advantage of GAO's laptop computer loan program, the agency also encouraged flexible work schedules, telework, and leave-sharing programs. For mid- and late-career employees, GAO offered extensive assistance in preparing for and planning retirement.¹⁸⁴

¹⁸⁴ GAO *Management News*, June 29, 1997.

In 1997 and 1998, GAO held technical conferences aimed at managing and improving access to knowledge, improving communications with the Congress and decision makers, and improving technical processes. The agency's Training Institute underwent a major reorganization during Hinchman's tenure, as the agency geared up for peer review, adjusted its job management processes, revised some of its performance appraisal processes to better align with its organizational goals, and implemented technology upgrades.

John Luke explained that with the recent downsizing, "There is a need for a more creative set of training approaches to address issues such as providing training in GAO's organizational culture." As a result, GAO assessed its approach to entry-level and refresher courses and examined new training needed to enhance job skills in the computer age.¹⁸⁵

Hinchman's tenure as Acting Comptroller General was the second longest interregnum in GAO history, surpassed only by the period between the retirement of John McCarl in 1936 and the naming of Fred Brown to succeed him as Comptroller General in 1939. On January 27, 1998, Steve Barr of the *Washington Post* reported that, "The selection process for the GAO post has taken several months, delayed by disagreement between Republicans and Democrats over how many names to send the White House. A 1980 law requires the commission to forward at least three names, and some Democratic aides contended that Clinton should be given at least seven choices."

According to Barr, Republicans on the congressional selection commission sent three names to President Bill Clinton for consideration: Sean O'Keefe, W. Val Oveson, and David M. Walker. President Clinton reportedly asked for additional names.¹⁸⁶ Barr reported that, "Congressional Democrats, objecting to a

¹⁸⁵ GAO *Management News*, September 22, 1997.

¹⁸⁶ GAO *Management News*, April 13, 1998.

Republican short list of candidates to head the General Accounting Office, have sent President Clinton a longer list of potential nominees for comptroller general.”

He added that, “The Democrats noted that President Ronald Reagan selected Bowsher from a list of eight candidates sent by all members of the previous commission.” The longer list from the Democrats to Clinton included the three names sent to the White House earlier as well as four others: James F. Hinchman and Gene L. Dodaro of GAO, and Linda Blessing and John R. Miller. On October 5, 1998, President Clinton nominated David M. Walker as Comptroller General. After Senate confirmation, Walker took charge of GAO on November 9, 1998.

In an interview published in the *Government Accountants Journal* (Winter 1999) soon after he took office, Walker praised Jim Hinchman as having done a “very, very good job on an ‘acting’ basis.” He noted that “Jim was dealt a real difficult hand because he had to implement a lot of the budget cuts that occurred during the final years of Chuck’s (Bowsher) tenure. I think he did a very good job.”

On May 21, 1999, Hinchman retired from federal service. Walker noted, “In the few months I have been at GAO, Jim has become a trusted adviser—and friend.” He praised “his probing, insightful questions and gracious manner.” The man who had named him to be Acting Comptroller General, Charles Bowsher, observed at a ceremony to honor Hinchman in 2008, “Being a confirmed comptroller general is tough; being an acting CG is even harder.” He added, “One of the best things I did as Comptroller General was hire Jim Hinchman.”¹⁸⁷

Bowsher saw his tenure as a link to a “tradition that dates back to the founding of the General Accounting Office in 1921. This tradition is based upon service to Congress in support of its

¹⁸⁷ GAO *Management News*, June 9, 2008.

oversight of the federal government and is guided by the values of objectivity, fairness, impartiality, and independence.” He expanded GAO’s product line, drew attention to High Risk programs and activities, and advocated for improvements in federal financial management. In the last annual report issued during Bowsher’s tenure, GAO noted that its “wide-ranging reports and testimony are on the leading edge of research, analysis, and investigation.”

In the 1980s, GAO had issued early warnings about the financial industry at the start of the savings and loan crisis. In 1994, GAO produced a major study of the complex financial instruments known as derivatives. Bowsher testified in 1994 that, “The sudden failure or abrupt withdrawal from trading of any of these large U.S. dealers could cause liquidity problems in the markets and could also pose risks to others, including federally insured banks and the financial system as a whole.” He explained that, “In some cases intervention has and could result in a financial bailout paid for or guaranteed by taxpayers.”

After the U.S. was hit by a new financial crisis in 2008, Ari Melber at *Politico* noted in March 2009 that, “One group of public servants spotted the derivatives problem way back in 1994. The staff of the Government Accountability Office spent two years on a meticulous report concluding that without better regulation, derivative trading could trigger ‘liquidity problems’ for the ‘financial system as a whole.’”¹⁸⁸ An article in *Columbia Journalism Review* called GAO’s 1994 product a “hard-hitting, clear-eyed report,” one worth considering “in the wake of a disaster that has proved the GAO right.”¹⁸⁹

Bowsher worked to build that corps of public servants into a multi-disciplinary workforce able to provide useful and timely data and information to the Congress, to executive agencies and

¹⁸⁸ “How to Put Our Outrage to Good Use,” *Politico*, March 25, 2009, <http://dyn.politico.com/printstory.cfm?uuid=3A0FB95D-18FE-70B2-A847607B68992BE2>

¹⁸⁹ “Audit Interview: James L. Bothwell,” *Columbia Journalism Review*, July 14, 2009, http://www.cjr.org/the_audit/audit_interview_james_l_bothwe.php

departments, and to the U.S. public. A strong sense of stewardship guided Bowsher throughout his 15 years at the helm of GAO. He said of the agency he headed that, “citizens deserve the last ounce of value from their investment. They put their trust in our hands. We cannot allow it to slip through our fingers.”¹⁹⁰



Source: GAO.

Newly appointed Comptroller General David Walker meets with former Comptrollers General Bowsher and Staats.

Bowsher later observed that, “GAO probably produces twice the number of reports and has perhaps two or three times the number of testimonies than when I took the helm—and this productivity has been accomplished with a third fewer people. To me, that suggests that the right leadership can effectively modernize government agencies. One of the strengths of GAO leadership has been the continuity associated with the 15-year term. . . . No other U.S. government agency has had the luxury of such continuity of leadership.”¹⁹¹

¹⁹⁰ Charles A. Bowsher, Speech, National Association of State Auditors, Comptrollers and Treasurers, July 19, 1993.

¹⁹¹ Donald E. Tidrick, “The Comptrollers General of the United States and a Conversation with the Surviving CGs,” June 2006, Bowsher interview conducted in 2005, 20.

As his term in office drew to a close, Bowsler discussed in testimony and speeches how GAO built up a professional, multi-disciplinary workforce geared towards assisting the Congress and helping assure “a more efficient and cost-effective government.” Throughout its history, GAO has adapted in order to carry out its important mission. As Bowsler noted, “the times demanded that we change, and we did.”

