

COMPT 75-0885

11 JUL 1975

INSPECTOR GENERAL 75-2601

MEMORANDUM FOR: Inspector General

SUBJECT: Rockefeller Commission Report

1. The Rockefeller Commission Report discusses the Comptroller and the budget process on page 90 in Section C of Chapter 8. Some of the statements in that section reflect a lack of complete understanding of our role.

2. The most glaring factual error is in the statement that "in reviewing the budget, the Comptroller's staff generally examines allocation of resources only if they exceed \$30 million or employ over 200 persons. More limited activities would not be closely examined in the budget process at the Comptroller level." There are no such limitations on the level of examination and review conducted by the Comptroller. [REDACTED]

3. The basic element of our budget is the resource package. A resource package is defined as a discrete unit of activity to which resources are assigned for the achievement of a particular purpose or set of integrally related purposes. It may be an organizational element, an operational activity, a project, a function or group of related functions. There are several hundred resource packages in the Agency program; some of them require fewer than [REDACTED] positions and less than [REDACTED]. Each resource package is reviewed in detail by the Comptroller, and he offers his own separate recommendations about the level of position and dollar resources he believes should be allocated to each. Resulting from this review there will be identified [REDACTED] to [REDACTED] key topics or issues judged by the Comptroller to be worthy of special attention by the Management Committee and the Director. These key topics will be highlighted in the Comptroller's presentation of the Agency program, not as the only issues but in relation to the rest of the program. The selection of key

topics is not based primarily on the number of positions and dollars allocated, although they may be among the criteria for selection.

4. After the Director has reviewed the program and the Congress has appropriated the funds, the Comptroller allots the money and positions to the directorates and the Office of the Director with general financial guidance and specific limitations on the freedom of the allottees to reprogram their resources. Beginning in the second quarter of the fiscal year, the Comptroller meets monthly with the Deputy Directors to review the status of their allotments and obligations and to project the resources needed for the remainder of the fiscal year. If, through this performance evaluation process, potential savings are identified, the Comptroller, with authority from the Director, will authorize resources to be reprogrammed to meet unbudgeted and unfunded requirements identified as the year progresses. Requirements for one or two new positions will be considered, for example, as will the need for funds to supplement the Honor and Merit Awards Program. There is no firm floor or ceiling on the size of the requirement; a variety of factors influence the determination that a problem should be brought to the attention of the Comptroller--not the least significant of which is the ability of the directorate to solve the problem within resources available to it internally.

5. The brevity of some of the Commission Report statements and the unqualified language of others may tend to mislead the uninformed reader. It is possible, for example, to infer from the language that the budget as compiled by the Comptroller is approved by the Director, reviewed by OMB, and sent to Congress without change, and that the Congress appropriates funds as requested. In fact, however, the budget as compiled by the Comptroller usually undergoes substantial change as a result of review by the Management Committee and the Director and must be revised accordingly before it is sent to OMB. The Director's budget is then subject to detailed review by the OMB examiner who will hold hearings with individual program managers, usually at the office level one echelon below the Deputy Director. These hearings are as extensive and exhaustive as time will allow and are not less detailed than those OMB conducts with other Federal agencies. Last year, for example, about hearings

were held, and supplementary papers covering 59 separate topics were furnished. OMB reduced our request substantially in both positions and dollars, and part of those reductions were restored upon appeal by the Director to the President. The request is revised again to incorporate changes necessary to accommodate OMB and Presidential actions before it is submitted to the Congress. The Appropriations Committees and their staffs in both houses of the Congress conduct hearings and request supplemental information in such detail as they require. Frequently the amount appropriated is less than the amount requested. Each directorate is given a single allotment by the Comptroller with specific restrictions placed upon the authority of the Deputy Director to reprogram funds for uses other than those for which the funds were allotted. Additional restrictions are placed on selected activities identified as being of particular interest to the Director, and Deputy Directors are required to notify him of certain kinds of activities before they are undertaken even though they may have been approved as a part of the normal program and budget review. In short, there is a far more exhaustive review of the Agency budget at every level than might be inferred by the casual reader of the Rockefeller Commission Report.

6. One further point may be worth mentioning. The Commission Report makes particular note of the fact that eight of our staff members are assigned by the four directorates and serve as advocates for their directorates as well as budget examiners. These statements are true; individual officers perform a dual function, but they are expected to perform in much the same way that OMB examiners do in relation to the departments and agencies they are charged with examining. Individual examiners review submissions from their directorates critically and in depth to ensure that every request allowed is thoroughly justified and those that are not justified are reduced. Each examiner is then called upon to defend his allowances and recommendations under critical questioning by his counterparts and other members of the staff including the Comptroller and Deputy Comptroller. Ultimately, individual examiners are called upon to defend their recommendation to the Director. We believe that the responsibilities with which each member of our staff is charged and the process by which he fulfills them are such that a high degree of objectivity is achieved.

JAMES H. TAYLOR
Deputy Comptroller