

DOCUMENT RESUME

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[Previous Testimony Involving an Audit of HUD's Personnel and Accounting Systems]. November 3, 1978. 4 pp.

Testimony before the House Committee on Post Office and Civil Service: Compensation and Employee Benefits Subcommittee; by D. L. Scantlebury, Director, Financial and General Management Studies Div.

Contact: Financial and General Management Studies Div.
Organization Concerned: Department of Housing and Urban Development.

Congressional Relevance: House Committee on Post Office and Civil Service: Compensation and Employee Benefits Subcommittee.

Previous testimony involving the Department of Housing and Urban Development's (HUD's) personnel system and accounting systems reported events that occurred prior to the time that the present Secretary of HUD assumed office. The testimony stated that corrective action was in progress and referred to the introduction of a new payroll system called TOPPS (Terminally Operated Personnel/Payroll System) which was to have become operational in 1976. In May 1976, HUD officials determined that TOPPS could not be completed as originally scheduled and wrote to GAO advising that they would not bring the system into operation until a later date. The letter was not received by GAO officials; it was informally forwarded to GAO staff members. HUD has outlined new changes in payroll procedures made in 1975 and 1976, but these controls have not been checked out by GAO as to their implementation. (RRS)

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY
Expected at 9:30 a.m.
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STATEMENT OF
DONALD L. SCANTLEBURY
DIRECTOR
FINANCIAL AND GENERAL MANAGEMENT STUDIES DIVISION
BEFORE THE
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS
HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE

Madam Chair and Members of the Subcommittee:

As the Comptroller General advised the Subcommittee in his letter of November 1, 1978, the testimony presented by Mr. Krieger and Mr. Cronin on Thursday, October 26, received considerable press coverage. Certain of these press accounts have been critical of the present Secretary of Housing and Urban Development, apparently with the misunderstanding that the audit made by the General Accounting Office took place during the present administration and, hence, have been critical of Secretary Harris. We regret that this matter was not reported more accurately. It would be unfortunate if the highlighting of this one point obscured the importance of the issue that your hearings are bringing out. Mr. Krieger's statement and your questions emphasized the importance of management's involvement in all aspects of the personnel system and how good accounting systems and the feedback that they provide would serve this aim.

In followup inquiries to this Office by representatives

of the press, this Office has made it clear that the report was issued in June 1975 and covered a period prior to that time, obviously before Secretary Harris assumed responsibility as Secretary of Housing and Urban Development. In re-reading the statement presented by Mr. Krieger and by reviewing the transcript of the hearing the emphasis on the broader issues is clear, however, the date of the report did not come up. This undoubtedly accounted for some of the impressions which were carried over into the news coverage. There was no intention on the part of Mr. Krieger or Mr. Cronin to obscure this point in any way. The example cited with respect to HUD was only one of many examples covered in the testimony and it may well be that the fictitious name of "Donald Duck" had a great deal to do with the fact that the press gave it such a wide coverage. The check made out to "Donald Duck" I might add was a dummy computer transaction and no check was ever issued.

The testimony states that corrective action is in process. The corrective action referred to was the introduction of a new payroll system called TOPPS (Terminally Operated Personnel/ Payroll System) which was to include measures to correct the problems we had reported. Originally this system was to have been operational in April 1976 and HUD officials advised us that, since the introduction of the new system was imminent, they did not consider it practical to make any changes to the system that was to be replaced.

In May 1976, they determined that TOPPS could not be completed as originally scheduled and have furnished us a copy of a letter they wrote advising us that they would not bring the new system into operation until a later date and therefore they were taking action to correct many of the problems we had noted with the existing system. The letter, however, was not received by GAO and we did not know about this action. I might add that I was advised by HUD last evening that the letter was never sent. They indicated it was informally forwarded to GAO staff members but it never came to my attention or Mr. Cronin's.

We met yesterday with officials of HUD and they outlined the changes in payroll procedures they had implemented in 1975 and 1976 to correct the problems we reported. We have not had a chance to check out whether the controls they told us about have been effectively implemented but it appears to us they would correct the problems we reported if they work as described to us. The Committee may wish to ask HUD whether their auditors have tested the controls to see if they work. HUD has meanwhile proceeded with TOPPS and now plans to have it operational in January 1979.

We appreciate having the opportunity to set the record straight on this matter. Also, we at GAO are pleased you have undertaken these hearings which can do much to encourage agencies to place higher priority on the need for adequate financial and auditing controls. Without such controls.

the door is open for fraud, abuse and errors which do much to weaken public confidence in Government.

Mr. Cronin, Mr. Donlon and I will be pleased to try to answer any questions you may have.