

B. BUDGET PROCESSES

Mr. BROOKS. Mr. Chairman, would you give us a status report on the implementation of program budgeting in your agency?

Mr. HARTWIG. I will ask Mr. Lenches to reply.

Mr. BROOKS. Mr. Lenches?

Mr. LENCHES. Mr. Chairman, the Renegotiation Board is a single-purpose agency. Its statutory mandate is laid down in the Renegotiation Act of 1951, as amended. The Board has no direct control over the scope of its program or over most of the volume of its workload. Consequently, in the Board's case, long-range planning in the PPBS sense is meaningful only in a budgetary and administrative sense.

We discussed this situation with the Bureau of the Budget at the time the President recommended to the civilian agencies the adoption of the PPBS program, and the Bureau has advised us that we are not required to develop a PPBS system in view of the Board's workload.

However, the Board has decided, mostly in appreciation of the importance of the PPBS technique for administrative management, economy, and efficiency purposes, to go ahead and develop internally a PPBS program, not by program as such, since we have only one program, but by breaking down that program along functional lines. This has been done.

We did the first one in fiscal 1967 and we have done another one, a somewhat improved version of it, during the current fiscal year.

In order to develop the basic program and the financial plan as required by Presidential instructions, the Board has estimated its future workload on the basis of a statistical relationship between the volume or renegotiable sales reviewed and the amount of prime contract awards made by the Department of Defense and the National Aeronautics and Space Administration. Because DOD procurement is a controlling factor in determining the Board's workload, and since the intensity of the fighting in Vietnam has a direct bearing upon such procurement, alternative workload projections have been made on the basis of differing assumptions as to the course of developments in Vietnam.

Furthermore, since the Board has been requested to prepare and has submitted proposals further to amend the Renegotiation Act of 1951 in the course of the present Congress, projections have also been made in various configurations to indicate the effects upon the Board's workload of the enactment of these various proposals.

We have made, as required by the PPBS system, a 5-year projection on the basis of all these alternatives. We have cut the program along functional lines and costed out the programs as such, and we have a document in the files of the Board with this 5-year budget plan to the extent that it is useful for administrative and internal purposes.

C. ACCOUNTING SYSTEM DEVELOPMENT

Mr. BROOKS. This is very helpful, Doctor.

I wonder, Mr. Chairman, if you would give us an idea of what your agency is doing in accounting system development.

Mr. HARTWIG. Mr. Stone?

Mr. STONE. Mr. Chairman, our accounting system was developed back in the early fifties and it is an accrual system with general ledger