recommendations for the correction of anything found wrong in the audit.

Mr. BROOKS. Under that flow, Mr. Moody, the audit investigation report goes directly to the Administrator; at the same time, a copy goes to the head of that subdivision; and then he submits his comments on it, whatever they may be?

Mr. MOODY. The proposed corrective action, or anything else necessary.

Mr. BROOKS. Directly to the Administrator?

Mr. MOODY. Right, sir.

Mr. BROOKS. The investigative report doesn't go to him first for his comments before they send it to you, or send it to the head of the subdivision?

Mr. MOODY. The audit reports do.

Mr. BROOKS. Before being sent to the Administrator?

Mr. MOODY. We actually follow the method followed by the General Accounting Office.

Mr. BROOKS. I do not agree completely with their method. You know, they send the proposed report to the agency, and the agency alibis it, and 6 months later they want to tell you all the reasons why there wasn't any other way to do it. By the time the GAO gets it back, the agency has watered it down. I think unless the auditors can win the case in court without any question, they should never even make an analysis. They should just forget it.

I think that for purposes of internal auditing, you ought to get a clean view of what the auditors think is wrong. Let the administrative head of the agency analyze it, let the subdivision come in and explain it, but let the Administrator take a look at the impression that the auditor got first, without it being influenced or modified by the division head. He can defend his position later, or say what the corrective action is—if you are an optimist. Most of the time they just defend what they have been doing.

Mr. MOODY. I understand what you are saying, Mr. Chairman and I believe——

Mr. BROOKS. You see the difference?

Mr. MOODY. Yes, sir.

Mr. BROOKS. And why I am for it? You have been in the business a long time.

Mr. MOODY. I think it is fair to say, however, in the way we handle these reports, that the only time that a program head can cause a change in a recommendation in an audit report is when he is able to demonstrate to the auditor that he hasn't seen something, or that his conclusions are wrong. Otherwise these reports come to the Administrator, you might say, in disagreement. The auditor's position is clearly stated. We give the service head an opportunity to state his views. And at that point it comes to the Administrator, and the service head is then obligated to come back to the Administrator and tell what he proposes to do about what the auditor has said

Mr. BROOKS. The problem still remains—what chance does a GS–8 or GS–9 auditor have against that GS–15 who is running that subdivision. Of course, if there is an error in figure or fact, then certainly there is no question about that. He can send his secretary down with the correct figures. "This is the figure. We gave you the wrong figure." This is what you are talking about. But on conclusions and recom-