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**APPROVED**  
JAN 2-1975

ACTION

THE WHITE HOUSE  
WASHINGTON

Last Day: January 4

December 31, 1974

*Posted*  
*1/3*

*To archive*  
*1/3*

MEMORANDUM FOR THE PRESIDENT  
FROM: KEN COLE  
SUBJECT: Enrolled Bill H.R. 12113  
General Accounting Office Act of 1974

Attached for your consideration is H.R. 12113, sponsored by Representatives Holifield and Horton, which revises and strengthens certain authorities and functions of the Comptroller General, mostly in regard to the General Accounting Office's auditing responsibilities.

OMB recommends approval and provides additional background information in its enrolled bill report (Tab A).

Max Friedersdorf (Loen) and Phil Areeda both recommend approval.

RECOMMENDATION

That you sign H.R. 12113 (Tab B).



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DEC 28 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12113 - General Accounting Office  
Act of 1974  
Sponsors - Rep. Holifield (D) California and Rep. Horton  
(R) New York

Last Day for Action

January 4, 1975 - Saturday

Purpose

Revises and strengthens certain authorities and functions of the Comptroller General, mostly in regard to the General Accounting Office's auditing responsibilities.

Agency Recommendations

Office of Management and Budget	Approval
General Services Administration	Approval
Department of the Treasury	Approval
Civil Service Commission	Approval
Farm Credit Administration	Approval
Department of Agriculture	Approval
District of Columbia	Approval
Department of Defense	No objection
Department of Transportation	No objection
Veterans Administration	No objection
National Credit Union Administration	No objection
Department of Health, Education and Welfare	No objection
Department of Justice	Defers to OMB
Department of Housing and Urban Development	Defers to other agencies



## Discussion

The Office of Management and Budget (OMB) and numerous other agencies reported on H.R. 12113 and its companion Senate bill while they were pending in the Government Operations Committees of both Houses. The legislation consists of eight titles; the Administration supported one of the titles, stated no objection to four others, and took no position on three others.

### Provision supported by the Administration

Statistical sampling procedures in the examination of vouchers -- Title I would amend Public Law 88-521 by (a) eliminating the present \$100 limitation on the amount of disbursement vouchers subject to audit by statistical sampling, and (b) authorizing the Comptroller General to prescribe such limitations as he considers appropriate and to change them from time to time as conditions warrant.

With increased price levels of recent years, the percentage of vouchers under \$100 and the economies realizable from statistical sampling of vouchers have decreased. Voucher sampling techniques have resulted in savings of more than \$1.5 million annually, and the establishment of a higher limitation would increase potential savings in both time and manpower by subjecting more vouchers to audit by such techniques. Thus, the Administration supported Title I of the bill.

### Provisions not opposed by the Administration

Audit of transportation payments -- Title II would amend section 322 of the Transportation Act of 1940 to transfer primary responsibility for the audit of transportation bills and recovery of overcharges from the General Accounting Office (GAO) to the General Services Administration (GSA) or other agency as the GSA Administrator may designate. The GAO would nevertheless retain its appellate function, enabling carriers to request the Comptroller General to review executive agency action on their claims.

Title II also provides for the transfer of all GAO personnel, records, and funds involved in the audit function. It contains numerous provisions (relating to personnel classification and salary retention, training, counseling, career development, and equal employment opportunity programs) which are intended to alleviate hardship to the approximately 400 employees who would be affected.



While the Administration did not object to the transfer of the transportation audit function, the Justice Department reported in opposition to the residual GAO review authority on the ground that it would subject internal memoranda and working papers of the audit-performing agency to GAO examination, thereby placing the agency in a disadvantageous position in cases of disagreement and imposing a restraint on staff development of policy and opinions.

Audit of nonappropriated fund activities -- Title III would make nonappropriated fund activities which sell merchandise or services to military or other Government personnel and their dependents (such as the military exchanges) subject to audit by the Comptroller General, and would give the Comptroller General authority to inspect records and property and to obtain copies of annual reports of such nonappropriated funds.

Employment of experts and consultants -- Title IV would grant the Comptroller General permanent authority to employ experts and consultants in accordance with 5 U.S.C. 3109 at rates not to exceed the maximum daily rate prescribed for GS-18 under 5 U.S.C. 5332. Ten such experts or consultants could be employed for periods of up to three years, as an exception to the one-year limitation contained in 5 U.S.C. 3109.

In its report to the Senate Committee on Government Operations on this provision, the Civil Service Commission recommended deletion of the exception to 5 U.S.C. 3109 on the grounds that GAO's expert and consultant services are by their very nature considered temporary or intermittent, and that it would seem to be a contradiction in terms to authorize the employment of experts and consultants for periods longer than the one year currently prescribed for such individuals.

General Accounting Office Building -- Title V would provide the GAO first priority on space within the GAO headquarters building, including if necessary, the displacement of executive branch agencies (which currently occupy almost half the space). The GSA, which has custody and control over the GAO building in its administration of the Federal Buildings Fund, would be required to furnish the Comptroller General with such space as he considers necessary. During the year following enactment of H.R. 12113, the GSA would be authorized to rent an amount of building space equal to that which it furnishes to the Comptroller General during the same period.



This provision results from new GAO functions and responsibilities, particularly under the Congressional Budget and Impoundment Control Act of 1974, which require the GAO to expand its facilities.

Provisions on which the Administration  
took no position

Audits of Government corporations -- Title VI would authorize the Comptroller General to perform audits of wholly owned and mixed-ownership Government corporations at least once in every three years, rather than annually as at present.

Revision of annual audit requirements -- Title VII would eliminate the requirements for annual audits of nine specified revolving funds and make them subject to audit at the discretion of the Comptroller General, in accordance with the provisions of the Accounting and Auditing Act of 1950.

Limitation of time on claims and demands -- Title VIII would reduce the period of time allowed for filing claims in the GAO, from ten to six years after the date that a claim accrues. The purpose of this provision is to make the time limitation consistent with the statute of limitations now applicable to claims filed in administrative agencies and the courts.

Conclusion

H.R. 12113 in its enrolled form constitutes a substantial improvement over earlier versions of this legislation. The original bills contained sweeping authorities for the Comptroller General which raised many fundamental and complex issues concerning the appropriate balance of legislative and executive authority. All of the onerous provisions have been removed during the development of H.R. 12113, and even some of the surviving features reflect amendments which were proposed by the Administration.

While several agencies may have specific concerns with one provision or another, we believe that those concerns are not overwhelming and that the bill on balance is quite acceptable. Accordingly, we recommend its approval.

*Walter H. Rasmussen*

Assistant Director for  
Legislative Reference

Enclosures





THE DISTRICT OF COLUMBIA

WASHINGTON, D. C. 20004

WALTER E. WASHINGTON  
Mayor-Commissioner

December 24, 1974

Mr. Wilfred H. Rommel  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Executive Office Building  
Washington, D. C.

Dear Mr. Rommel:

This is in reference to a facsimile of an enrolled enactment of Congress entitled:

H.R. 12113- To revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes.

The enrolled bill, as it affects the District of Columbia Government, would by Sec. 101 authorize The Commissioner of the District of Columbia, if he determines that economies will result therefrom, to prescribe certain statistical sampling procedures in the examination of District disbursement vouchers. It would further provide that any certifying or disbursing officer acting properly and in good faith is to be saved harmless with respect to any such certification or payment by voucher not subject to specific examination because of the simplifying procedure hereby specified.

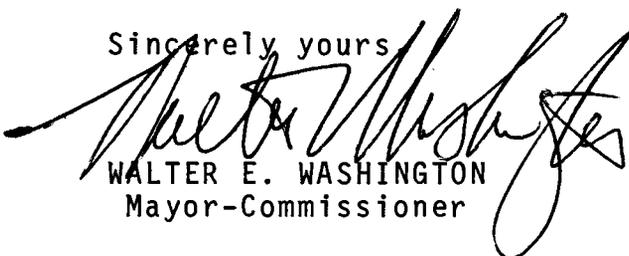
The enrolled bill by Sec. 605 would change the existing authorization for an audit of the books



of the National Capital Housing Authority on an "annual" basis only, thereby authorizing an audit at any time at the discretion of the General Accounting Office.

The District Government approves the objectives of H.R. 12113 and therefore recommends its approval.

Sincerely yours

A handwritten signature in black ink, appearing to read "Walter E. Washington". The signature is fluid and cursive, with a large, sweeping flourish at the end.

WALTER E. WASHINGTON  
Mayor-Commissioner

DEPARTMENT OF THE AIR FORCE  
WASHINGTON 20330



OFFICE OF THE SECRETARY

DEC 24 1974

Dear Mr. Director:

Reference is made to your request for the views of the Department of Defense with respect to the enrolled enactment of H.R. 12113, 93rd Congress, an Act "To revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes". The Secretary of Defense has delegated to the Department of the Air Force the responsibility for expressing the views of the Department of Defense.

H.R. 12113 revises and restates certain functions and duties of the Comptroller General. The purpose is to permit more productive use of resources of the General Accounting Office and give fuller recognition to its role as a legislative rather than an executive agency. The following provisions are of particular interest to the Department of Defense:

a. Title I authorizes the head of any department or agency to prescribe the use of statistical sampling procedures in the examination of disbursement vouchers not exceeding such amounts as may be prescribed by the Comptroller General. Current law limits the application of these procedures to vouchers amounting to less than \$100.

b. Title II provides for the transfer of the general responsibility for the initial auditing of transportation payments from the General Accounting Office to the General Services Administration.

c. Title III makes the operations and funds (including central funds) of nonappropriated fund activities subject to review by the Comptroller General and gives him access to their records and property. This title also

authorizes the Comptroller General to require copies of the annual report of any nonappropriated fund he designates. The designation may be made by class in the case of activities having gross receipts from sales of over \$100,000 a year. In other cases, the designation must be made by specific request.

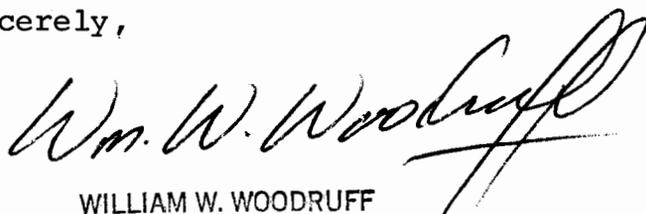
d. Title VIII reduces the statute of limitations for the filing of claims in the General Accounting Office from ten to six years. This change will not take effect for six months after approval of the bill.

The Department of the Air Force, on behalf of the Department of Defense, has no objection to approval and signature by the President of the enrolled enactment of H.R. 12113.

There will be no first year or recurring costs or savings to the Department of Defense as the result of enactment of this bill.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

Sincerely,



WILLIAM W. WOODRUFF  
Assistant Secretary of the Air Force  
(Financial Management)

Honorable Roy L. Ash  
Director  
Office of Management and  
Budget





GENERAL COUNSEL

OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

December 24, 1974

Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Ash:

Your office has asked for the views of this Department concerning H.R. 12113, an enrolled bill "To revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes."

This bill basically (1) amends the Transportation Act of 1940 (49 U.S.C. 66) to transfer certain authority for the audit and settlement of transportation claims from the General Accounting Office (GAO) to the General Services Administration (GSA); (2) provides for GAO audit of nonappropriated fund activities; (3) amends the Government Corporation Control Act (31 U.S.C. 850) to require audits of such corporations at least once in every three years, and also amends various other acts, including the Federal Aviation Act of 1958, to allow audits at the discretion of the Comptroller General pursuant to the Accounting and Auditing Act of 1950; (4) removes the \$100 limitation from the present authority to statistically examine disbursement vouchers, leaving the limit to be established from time to time by the Comptroller General; (5) shortens the time limit for the submission of certain claims from ten to six years; and (6) provides other changes affecting GAO which have little or no impact upon the Department.

The Department in the past has supported most of these changes and believes that these provisions will be of benefit not only to this Department but to most agencies in the Government. Those reservations which we have expressed in prior correspondence to the Congress are not serious enough, in our view, to outweigh our general approval of this enrolled bill. With respect to Title V, however, we defer to the opinion of the General Services Administration.

This Department does not object to the President's signing the enrolled bill, H.R. 12113.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rodney E. Eyster". The signature is fluid and cursive, written over the typed name.

Rodney E. Eyster



However, since H. R. 12113 would primarily affect the operations of the General Accounting Office, we defer to the Comptroller General regarding recommendations as to Presidential action on H. R. 12113.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard L. Roudebush".

Deputy Administrator - In the absence of

RICHARD L. ROUDEBUSH  
Administrator



VETERANS ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS  
WASHINGTON, D.C. 20420  
DECEMBER 24 1974

The Honorable  
Roy L. Ash  
Director, Office of  
Management and Budget  
Washington, D. C. 20503

Dear Mr. Ash:

This will respond to the request of the Assistant Director for Legislative Reference for the views of the Veterans Administration on the enrolled enactment of H. R. 12113, 93d Congress, the "General Accounting Office Act of 1974".

Our comments will be confined to section 704 of the act as it applies to the Veterans' Canteen Service. Section 704 would amend section 4207 of title 38, United States Code. Section 4207 requires the Veterans' Canteen Service to maintain accounts which are audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions, as provided in the Government Corporation Control Act (31 U.S.C. 841-869). Section 704 of H. R. 12113 would substitute a requirement that the mentioned accounts be audited in accordance with the provisions of the Accounting and Auditing Act of 1950. The frequency of the audits would be within the discretion of the Comptroller General.

The liberalization proposed by section 704 of the act would have little or no effect on the operations of the Veterans' Canteen Service. Consequently, we would have no objection to Presidential approval of the enrolled bill.





NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

Office of General Counsel

GC/JLO:eor  
December 23, 1974

Mr. W. H. Rommel  
Assistant Director for Legislative Reference  
Office of Management and Budget  
Executive Office of the President  
Washington, D. C. 20503

Dear Mr. Rommel:

This will acknowledge receipt of your request of December 20, 1974, for our views and recommendations on enrolled bills S. 356 and H.R. 12113.

With respect to S. 356, although we are disappointed that credit unions were not included along with banks under the regulatory commands of the Federal Reserve Board in order to avoid disparate treatment among competitors in the financial marketplace, we raise no objection to the subject enrolled bill.

As regards H.R. 12113, we also raise no objection to the subject enrolled bill.

Sincerely yours,

A handwritten signature in cursive script that reads "John L. Ostby".

JOHN L. OSTBY  
General Counsel





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Honorable Roy L. Ash  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

DEC 24 1974

Dear Mr. Ash:

This is in response to Mr. Rommel's request for a report on H.R. 12113, an enrolled bill "To revise and restate certain functions and duties of the Comptroller General of the United States, and for other purposes."

Title I of the bill would amend Public Law 88-521 so as to eliminate the \$100 limitation on the amount of the disbursement vouchers subject to audit by statistical sampling techniques and, in lieu thereof, impose limitations of such amounts as may from time to time be prescribed by the Comptroller General for each department or agency.

The present law is restrictive in the sense that it does not enable the Comptroller General to apply statistical sampling techniques in response to changing conditions. For example, the general increase in price levels since 1964 has eliminated many vouchers from statistical sampling because of the \$100 limitation. Another example is the 1969 increase in per diem rates that also removed many vouchers from statistical sampling. Since title I would enable the Comptroller General to set the level for statistical sampling, the Comptroller General would be in a position to react promptly to events that would impact upon the availability of statistical sampling.

We therefore are in favor of title I.

Section 705 of title VII would eliminate the present requirement in section 432(b)(2) of the Higher Education Act of 1965 for an annual audit by the Comptroller General of the Department's student loan insurance fund. In our

Honorable Roy L. Ash

2

view, the frequency of audit is a matter which can be left to the discretion of the Comptroller General, who is in a position to judge the need for and relative priority of audits of the fund.

We also, therefore, favor title VII of the enrolled bill.

The remaining five titles of the bill deal with various other functions of the General Accounting Office and do not directly affect responsibilities of the Department of Health, Education, and Welfare. For this reason we do not offer recommendations with respect to their desirability.

In summary, subject to the views of agencies more substantially affected by the bill, we have no objection to its approval.

Sincerely,

  
Secretary





**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET**

**DATE: 3-3-75**

**TO: Bob Linder**

**FROM: LRD (Hyde)**

Attached are (1) the Agriculture views letter on H.R. 12113, 93rd Cong. and (2) the Treasury and ICC views letters on S. 281 for inclusion in the enrolled bill files. Thanks.



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

December 27, 1974

Honorable Roy L. Ash  
Director, Office of Management  
and Budget  
Washington, D.C. 20530

Dear Mr. Ash:

In reply to the request of your office, the following report is submitted on the enrolled enactment H.R. 12113, "To revise and restate certain functions and duties of the Comptroller General of the United States."

This Department recommends that the President approve the bill.

Section 603 of the bill would amend the Federal Crop Insurance Act (52 Stat. 76; 7 U.S.C. 1513) to delete the requirement that the financial transactions of the Corporation shall be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress.

Section 601 of the bill would amend the Corporation Control Act to require that each wholly owned Government corporation shall be audited at least once every three years.

It is believed that less frequent audits of the Commodity Credit Corporation and the Federal Crop Insurance Corporation by the General Accounting Office will have no detrimental effects because the Department's Office of Audit also performs an annual audit of the Corporation's financial transactions. The cost of annual audits of the Commodity Credit Corporation billed by the General Accounting Office in 1972, 1973, and 1974 was \$71,000, \$76,000, and \$80,000 (estimated), respectively, and the cost of such audits of the Federal Crop Insurance Corporation in such years was \$21,500, \$17,500, and \$18,000, respectively.

Sincerely,

A handwritten signature in cursive script that reads "Clayton Yeutter".

CLAYTON YEUTTER  
Acting Secretary



**Department of Justice**  
**Washington, D.C. 20530**

DEC 24 1974

Honorable Roy L. Ash  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Dear Mr. Ash:

In compliance with your request, I have examined a facsimile of the enrolled bill H.R. 12113, the proposed General Accounting Office Act of 1974.

Title I of the bill would amend subsection (a) of Public Law 88-521 to authorize the use of statistical sampling procedures in the examination of certain disbursement vouchers. Title II would amend section 322 of the Transportation Act of 1940 to require the General Services Administration to audit certain transportation payments. A transfer of certain functions and personnel from the General Accounting Office to the General Services Administration would also be authorized by title II.

The Comptroller General would be authorized by title III to audit certain nonappropriated fund activities and by title IV to employ experts and consultants in accordance with 5 U.S.C. 3109. Title V would allow the Comptroller General to use space in the General Accounting Office Building.

Title VI and VII would amend a number of statutes to revise the audit requirements of a number of Government activities. Title VIII would reduce the time limitation on claims and demands under the Act of October 9, 1940, from ten to six years.

The Department of Justice defers to the Office of Management and Budget concerning whether this bill should receive Executive approval.

Sincerely,



W. Vincent Rakestraw  
Assistant Attorney General



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

December 24, 1974

Mr. Wilfred H. Rommel  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Washington, D. C. 20503

Attention: Ms. Mohr

Dear Mr. Rommel:

Subject: H.R. 12113, 93d Congress, Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of H.R. 12113, the proposed "General Accounting Office Act of 1974".

This legislation contains provisions relating primarily to authorities and responsibilities of the General Accounting Office and the General Services Administration.

While this Department has no objection to the enactment, we would defer to those agencies as to the desirability of its provisions.

Sincerely,

*Douglas M. Palm*

for Robert R. Elliott



485 L'ENFANT PLAZA, S.W. WASHINGTON, D.C. 20578

December 26, 1974

Director, Office of Management and Budget  
Executive Office of the President  
Washington, D. C. 20503

Attention: Assistant Director for  
Legislative Reference

Subject: Report on enrolled bill H.R. 12113, 93d Congress

This is in reply to the request of your office dated December 20, 1974, for a report on enrolled bill H.R. 12113, an act "To revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes."

Except for the provisions of section 601 (c) of the enrolled bill, we defer to the views of other executive agencies on which the bill has specific impact.

Section 601 (c) would amend section 202 of the Government Corporation Control Act by adding thereto a sentence which, effective July 1, 1974, would require each mixed-ownership Government corporation to be audited by the General Accounting Office at least once in every three years. The first sentence of section 202, however, now requires the financial transactions of mixed-ownership Government corporations to be audited by the General Accounting Office only for any period during which Government capital has been invested therein.

Mixed-ownership Government corporations are defined in section 201 of the Act to include the Central Bank for Cooperatives and regional banks for cooperatives, Federal land banks, and Federal intermediate credit banks. These banks are under the supervision of the Farm Credit Administration which is required by law to examine and audit their transactions not less frequently than once each year. The function of these banks is to make credit available to farmers, ranchers, producers and harvesters of aquatic products, their cooperatives, and for certain rural housing purposes. The banks originally had Government seed capital invested in them. However, the Government capital in all of the banks has been repaid--for the Federal land banks by 1947, and for the banks for cooperatives and Federal intermediate credit banks by the end of 1968. Since those dates the banks have not been subject to audit by the General Accounting Office.

2-Assistant Director for Legislative Reference

These Farm Credit institutions are completely owned by their borrower-members. They do not lend Government funds. Also, the Federal Government does not insure or guarantee in any way the loans made by the banks or the bonds they sell in the private investment market to obtain loan funds.

In amending section 202 of the Government Corporation Control Act, Congress expressed no intention to subject the banks for cooperatives, Federal land banks, and Federal intermediate credit banks to audit by the General Accounting Office for any period during which they do not have Government capital invested in them. Accordingly, we understand and interpret section 601 (c) of H.R. 12113 to require, effective July 1, 1974, audit by the General Accounting Office of a bank for cooperatives, a Federal land bank, or a Federal intermediate credit bank at least once in every three years only for such period, if any, during which Government capital has been invested in such bank.

On the basis of our understanding of section 601 (c), and subject to the views of other executive agencies which are more directly affected by other provisions of H.R. 12113, the Farm Credit Administration recommends that the enrolled bill be approved by the President.

Sincerely,

A handwritten signature in cursive script, appearing to read "David L. Hanson".

Acting Governor



485 L'ENFANT PLAZA, S.W. WASHINGTON, D.C. 20578

DEC 26 1974

Director, Office of Management and Budget  
Executive Office of the President  
Washington, D. C. 20503

Attention: Assistant Director for  
Legislative Reference

Subject: Report on enrolled bill H.R. 12113, 93d Congress

This is in reply to the request of your office dated December 20, 1974, for a report on enrolled bill H.R. 12113, an act "To revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes."

Except for the provisions of section 601 (c) of the enrolled bill, we defer to the views of other executive agencies on which the bill has specific impact.

Section 601 (c) would amend section 202 of the Government Corporation Control Act by adding thereto a sentence which, effective July 1, 1974, would require each mixed-ownership Government corporation to be audited by the General Accounting Office at least once in every three years. The first sentence of section 202, however, now requires the financial transactions of mixed-ownership Government corporations to be audited by the General Accounting Office only for any period during which Government capital has been invested therein.

Mixed-ownership Government corporations are defined in section 201 of the Act to include the Central Bank for Cooperatives and regional banks for cooperatives, Federal land banks, and Federal intermediate credit banks. These banks are under the supervision of the Farm Credit Administration which is required by law to examine and audit their transactions not less frequently than once each year. The function of these banks is to make credit available to farmers, ranchers, producers and harvesters of aquatic products, their cooperatives, and for certain rural housing purposes. The banks originally had Government seed capital invested in them. However, the Government capital in all of the banks has been repaid--for the Federal land banks by 1947, and for the banks for cooperatives and Federal intermediate credit banks by the end of 1968. Since those dates the banks have not been subject to audit by the General Accounting Office.

RECEIVED

2-Assistant Director for Legislative Reference

These **Farm Credit institutions** are completely **owned** by their borrower-members. They do not lend Government funds. Also, the **Federal Government** does not **insure or guarantee** in any way the loans made by the banks or the bonds they sell in the private investment market to obtain loan funds.

In amending **section 202** of the Government Corporation Control Act, Congress expressed **no intention** to subject the banks for cooperatives, **Federal land banks**, and **Federal intermediate credit banks** to audit by the General Accounting Office for **any** period during which they do not **have** Government capital **invested** in them. Accordingly, we understand and interpret **section 601 (c) of H.R. 12113** to require, effective July 1, 1974, audit by the General Accounting Office of a bank for cooperatives, a **Federal land bank**, or a **Federal intermediate credit bank** at **least once** in every three years only for such period, **if any**, during which Government capital **has** been invested in such bank.

On the basis of our understanding of **section 601 (c)**, and subject to the views of **other executive agencies** which are more directly **affected** by other provisions of **H.R. 12113**, the Farm Credit Administration recommends that the **enrolled bill** be approved by the President.

Sincerely,



Acting Governor



# UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

December 24, 1974

Honorable Roy L. Ash  
Director, Office of Management and Budget  
Washington, D.C. 20503

Attention: Assistant Director for  
Legislative Reference

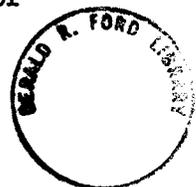
Dear Mr. Ash:

This is in reply to your request for the views of the Civil Service Commission on enrolled H.R. 12113, a bill "To revise and restate certain functions of the Comptroller General of the United States and for other purposes."

Title II of this legislation would transfer the initial audit of transportation payments from the General Accounting Office to the General Services Administration or its designee, and would accord various rights and protections to the approximately 400 employees who would be affected. Transfers of employees could not begin until October 1, 1975, and not later than September 30, 1976. Those transferred could not be reduced in pay or grade for 2 years after the transfer except for cause. In addition, after this 2 year period the employees would be subject to the salary saving provisions of 5 U.S.C. 5337, thus giving them salary protection for a total of 4 years.

In a report dated November 12, 1974, to the Chairman of the Senate Subcommittee on Budgeting, Management and Expenditures on an earlier version of H.R. 12113, the Commission indicated that a grade and pay retention feature which, in effect, provided salary protection for 3 years was unnecessary in light of existing protections available to employees who transfer. Existing protections include various procedural rights and salary saving under 5 U.S.C. 5337 for 2 years if the employee is downgraded through no fault of his own. For the same reason, we consider section 202(b) of this legislation unnecessary and undesirable, and we hope it will not become a precedent for similar provisions in other legislation.

We have no objection to section 203 which is designed to pave the way for the transfer. Under this section, the Comptroller General would be required to establish personnel development and counseling services for transferring employees. At least 60 days prior



to the transfer, the Administrator of General Services would prepare a detailed plan for the transfer of functions and personnel to be published in the Federal Register. In addition, 6 months after the transfer, the Administrator of General Services would be required to report to the Congress on implementation of the plan.

Title IV of H.R. 12113 authorizes the Comptroller General to employ experts and consultants in accordance with 5 U.S.C. 3109, at rates not to exceed the rate for GS-18. This is appropriate. However, this section goes on to say that up to 10 such experts or consultants may be employed for periods not in excess of 3 years. Under 5 U.S.C. 3109, experts or consultants may be employed on a temporary or intermittent basis for not to exceed 1 year without regard to competitive appointment procedures. To authorize the employment of experts and consultants for up to 3 years is inconsistent with the temporary nature of expert and consultant services, and we object to it.

Although we object to several of the personnel provisions, our objections are not such as to warrant a Presidential veto. Therefore, we recommend that the President sign enrolled H.R. 12113.

By direction of the Commission:

Sincerely yours,



ACTING Chairman



THE UNDER SECRETARY OF THE TREASURY  
WASHINGTON, D.C. 20220

DEC 27 1974

Director, Office of Management and Budget  
Executive Office of the President  
Washington, D.C. 20503

Attention: Assistant Director for Legislative  
Reference

Sir:

Your office has asked for the views of this Department on the enrolled enactment of H.R. 12113, "To revise and restate certain functions and duties of the Comptroller General of the United States, and for other purposes."

Title I of the enrolled enactment would amend Public Law 88-521 (31 U.S.C. 82b-1(a)) relating to statistical sampling procedures in the examination of disbursing vouchers, to remove the present \$100 limit to which the present sampling procedures are confined and to authorize agency heads to extend the technique to vouchers not exceeding such amounts as may from time to time be prescribed by the Comptroller General. The Department recommends approval of this title.

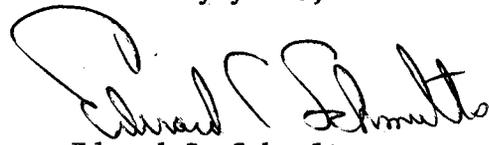
Title II would amend section 322 of the Transportation Act of 1940 relating to examination and payment of transportation vouchers, to transfer audit and settlement activities from the General Accounting Office to the General Services Administration or his designee. It would eliminate the provision in section 322(a) for joint promulgation of implementing standards by the Comptroller General and the Secretary of the Treasury. The Department recommends approval of this title.

Title III would authorize the Comptroller General to review and have access to materials relating to the operations, accounting systems, and audits of nonappropriated fund and related activities authorized or operated by an executive agency to sell merchandise or services to military or other Government personnel and their dependents. The Department would have no objection to this title since it is clear that it would not include banking agencies such as the Comptroller of the Currency, and would not expand the scope of the General Accounting Office review of the Exchange Stabilization Fund.

Title VII, insofar as it relates to this Department, would eliminate the requirement for annual audit of the Bureau of Engraving and Printing Fund and make it subject to audit at the discretion of the Comptroller General, in accordance with the provisions of the Accounting and Auditing Act of 1950. The Department has no objection to this provision.

We have no comment on Titles IV, V, VI and VIII of the enrolled enactment.

Sincerely yours,



Edward C. Schmults

UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION  
WASHINGTON, DC 20405



DEC 20 1974

Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, DC 20503

Dear Mr. Ash:

By referral dated December 20, 1974, from the Assistant Director for Legislative Reference, your office requested the views of the General Services Administration on enrolled bill H.R. 12113, 93rd Congress, an act "To revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes."

The portions of the bill of particular interest to GSA are title II and title V.

Title II amends section 322 of the Transportation Act of 1940, as amended (49 U.S.C. 66), to transfer to the General Services Administration a transportation audit function now performed by the General Accounting Office.

Title V is as follows:

Sec. 501. (a) The Comptroller General of the United States shall be entitled to the use of such space in the General Accounting Office Building as he determines to be necessary, and the head of any Federal agency which exercises authority over such building shall provide the Comptroller General with such space within the building as the Comptroller General determines to be necessary.

(b) Notwithstanding any other provision of law, during the one-year period beginning on the date of enactment of this Act, the Administrator for General Services may contract for the rent of a building in the District of Columbia to the extent necessary to secure an amount of space equal to the amount of space which the Administrator makes available to the Comptroller General of the United States during such one-year period under the provisions of subsection (a).

2

We note that to be technically correct, the words "Administrator for General Services" should read "Administrator of General Services".

GSA favors Presidential approval of the enrolled bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sampson". The signature is written in black ink and is positioned above the typed name.

Arthur F. Sampson  
Administrator

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR: WARREN HENDRIKS  
FROM: *Max L. Friedersdorf* MAX L. FRIEDERSDORF  
SUBJECT: Action Memorandum - Log No. 889  
Enrolled Bill H.R. 12113

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment



To  
H. Hendricks  
12-28-74

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DEC 28 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12113 - General Accounting Office  
Act of 1974  
Sponsors - Rep. Holifield (D) California and Rep. Horton  
(R) New York

Last Day for Action

January 4, 1975 - Saturday

Purpose

Revises and strengthens certain authorities and functions of the Comptroller General, mostly in regard to the General Accounting Office's auditing responsibilities.

Agency Recommendations

Office of Management and Budget	Approval
General Services Administration	Approval
Department of the Treasury	Approval
Civil Service Commission	Approval
Farm Credit Administration	Approval
Department of Agriculture	Approval
District of Columbia	Approval
Department of Defense	No objection
Department of Transportation	No objection
Veterans Administration	No objection
National Credit Union Administration	No objection
Department of Health, Education and Welfare	No objection
Department of Justice	Defers to OMB
Department of Housing and Urban Development	Defers to other agencies

## Discussion

The Office of Management and Budget (OMB) and numerous other agencies reported on H.R. 12113 and its companion Senate bill while they were pending in the Government Operations Committees of both Houses. The legislation consists of eight titles; the Administration supported one of the titles, stated no objection to four others, and took no position on three others.

### Provision supported by the Administration

Statistical sampling procedures in the examination of vouchers -- Title I would amend Public Law 88-521 by (a) eliminating the present \$100 limitation on the amount of disbursement vouchers subject to audit by statistical sampling, and (b) authorizing the Comptroller General to prescribe such limitations as he considers appropriate and to change them from time to time as conditions warrant.

With increased price levels of recent years, the percentage of vouchers under \$100 and the economies realizable from statistical sampling of vouchers have decreased. Voucher sampling techniques have resulted in savings of more than \$1.5 million annually, and the establishment of a higher limitation would increase potential savings in both time and manpower by subjecting more vouchers to audit by such techniques. Thus, the Administration supported Title I of the bill.

### Provisions not opposed by the Administration

Audit of transportation payments -- Title II would amend section 322 of the Transportation Act of 1940 to transfer primary responsibility for the audit of transportation bills and recovery of overcharges from the General Accounting Office (GAO) to the General Services Administration (GSA) or other agency as the GSA Administrator may designate. The GAO would nevertheless retain its appellate function, enabling carriers to request the Comptroller General to review executive agency action on their claims.

Title II also provides for the transfer of all GAO personnel, records, and funds involved in the audit function. It contains numerous provisions (relating to personnel classification and salary retention, training, counseling, career development, and equal employment opportunity programs) which are intended to alleviate hardship to the approximately 400 employees who would be affected.

While the Administration did not object to the transfer of the transportation audit function, the Justice Department reported in opposition to the residual GAO review authority on the ground that it would subject internal memoranda and working papers of the audit-performing agency to GAO examination, thereby placing the agency in a disadvantageous position in cases of disagreement and imposing a restraint on staff development of policy and opinions.

Audit of nonappropriated fund activities -- Title III would make nonappropriated fund activities which sell merchandise or services to military or other Government personnel and their dependents (such as the military exchanges) subject to audit by the Comptroller General, and would give the Comptroller General authority to inspect records and property and to obtain copies of annual reports of such nonappropriated funds.

Employment of experts and consultants -- Title IV would grant the Comptroller General permanent authority to employ experts and consultants in accordance with 5 U.S.C. 3109 at rates not to exceed the maximum daily rate prescribed for GS-18 under 5 U.S.C. 5332. Ten such experts or consultants could be employed for periods of up to three years, as an exception to the one-year limitation contained in 5 U.S.C. 3109.

In its report to the Senate Committee on Government Operations on this provision, the Civil Service Commission recommended deletion of the exception to 5 U.S.C. 3109 on the grounds that GAO's expert and consultant services are by their very nature considered temporary or intermittent, and that it would seem to be a contradiction in terms to authorize the employment of experts and consultants for periods longer than the one year currently prescribed for such individuals.

General Accounting Office Building -- Title V would provide the GAO first priority on space within the GAO headquarters building, including if necessary, the displacement of executive branch agencies (which currently occupy almost half the space). The GSA, which has custody and control over the GAO building in its administration of the Federal Buildings Fund, would be required to furnish the Comptroller General with such space as he considers necessary. During the year following enactment of H.R. 12113, the GSA would be authorized to rent an amount of building space equal to that which it furnishes to the Comptroller General during the same period.

This provision results from new GAO functions and responsibilities, particularly under the Congressional Budget and Impoundment Control Act of 1974, which require the GAO to expand its facilities.

Provisions on which the Administration  
took no position

Audits of Government corporations -- Title VI would authorize the Comptroller General to perform audits of wholly owned and mixed-ownership Government corporations at least once in every three years, rather than annually as at present.

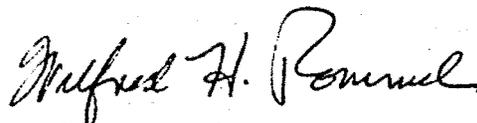
Revision of annual audit requirements -- Title VII would eliminate the requirements for annual audits of nine specified revolving funds and make them subject to audit at the discretion of the Comptroller General, in accordance with the provisions of the Accounting and Auditing Act of 1950.

Limitation of time on claims and demands -- Title VIII would reduce the period of time allowed for filing claims in the GAO, from ten to six years after the date that a claim accrues. The purpose of this provision is to make the time limitation consistent with the statute of limitations now applicable to claims filed in administrative agencies and the courts.

Conclusion

H.R. 12113 in its enrolled form constitutes a substantial improvement over earlier versions of this legislation. The original bills contained sweeping authorities for the Comptroller General which raised many fundamental and complex issues concerning the appropriate balance of legislative and executive authority. All of the onerous provisions have been removed during the development of H.R. 12113, and even some of the surviving features reflect amendments which were proposed by the Administration.

While several agencies may have specific concerns with one provision or another, we believe that those concerns are not overwhelming and that the bill on balance is quite acceptable. Accordingly, we recommend its approval.



Assistant Director for  
Legislative Reference

Enclosures

Date: December 28, 1974

Time: 7:00 p.m.

FOR ACTION: Geoff Shepard *ok*  
Max Friedersdorf *ok*  
Phil Areeda *no ok*cc (for information): Warren Hendriks  
Jerry Jones  
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: December 30, 1974

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 12113 - General Accounting Office  
Actinf 1974

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.If you have any questions or if you anticipate a  
delay in submitting the material, please  
telephone the Staff Secretary immediately.K. R. COLE, JR.  
President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 889

Date: December 28, 1974

Time: 7:00 p.m.

FOR ACTION: Geoff Shepard  
Max Friedersdorf  
Phil Areeda

cc (for information): Warren Hendriks  
Jerry Jones  
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: December 30, 1974

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 12113 - General Accounting Office  
Act of 1974

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*Approval*  
*J.C.S.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 889

Date: December 28, 1974

Time: 7:00 p.m.

FOR ACTION: Geoff Shepard  
Max Friedersdorf  
Phil Areeda

cc (for information): Warren Hendriks  
Jerry Jones  
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: December 30, 1974

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 12113 - General Accounting Office  
Act of 1974

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*No objection  
P. Areeda*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks  
For the President

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## GENERAL ACCOUNTING OFFICE LEGISLATION

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AUGUST 19, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

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Mr. HOLIFIELD, from the Committee on Government Operations, submitted the following

### REPORT

[To accompany H.R. 12113]

The Committee on Government Operations, to whom was referred the bill (H.R. 12113) to revise and restate certain functions and duties of the Comptroller General of the United States, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment strikes out all after the enacting clause and inserts a substitute text which appears in the reported bill in italic type as well as in the appendix of this report.

#### DIVISIONS OF THE REPORT

Summary and purpose.

Committee amendment.

Committee vote.

Hearings.

Titles of the bill:

Title I—Statistical Sampling Procedures in the Examination of Vouchers.

Title II—Audit of Transportation Payments.

Title III—Audit of Nonappropriated Fund Activities.

Title IV—Employment of Experts and Consultants.

Title V—General Accounting Office Building.

Title VI—Audit of Government Corporations.

Title VII—Revision of Annual Audit Requirements.

Title VIII—Limitation of Time on Claims and Demands.

Estimated costs and savings.

Section-by-section analysis.

Changes in existing law made by the bill, as reported.

Appendix: Text of committee bill as reported.

## SUMMARY AND PURPOSE

H.R. 12113, titled "General Accounting Office Act of 1974," revises and restates certain functions and duties of the Comptroller General. The purpose is to permit more productive use of resources in the General Accounting Office and give fuller recognition to its role as a legislative rather than an executive agency. To this end, the bill eliminates excessive audit requirements, realigns certain functions as between the General Accounting Office and the executive agencies, and conforms the statute of limitations for the filing of claims in the General Accounting Office to that established for the filing of claims in the Court of Claims.

As amended, the bill contains 8 titles as follows:

Title I—Statistical Sampling Procedures in the Examination of Vouchers.

Title II—Audit of Transportation Payments.

Title III—Audit of Nonappropriated Fund Activities.

Title IV—Employment of Experts and Consultants.

Title V—General Accounting Office Building.

Title VI—Audit of Government Corporations.

Title VII—Revision of Annual Audit Requirements.

Title VIII—Limitation of Time on Claims and Demands.

Each of these titles deals with a discrete area and is discussed separately below with reference to specific need, justification, background, problems, and committee revisions.

## COMMITTEE AMENDMENT

In the course of subcommittee and committee consideration, several changes were made in H.R. 12113. These are incorporated in a new text in the form of a single committee amendment to H.R. 12113, which strikes out all after the enacting clause and inserts the new language. The committee amendment is shown in the appendix.

## COMMITTEE VOTE

At a meeting of the full Committee on Government Operations on August 15, 1974, a quorum being present, H.R. 12113, as amended, was approved unanimously by voice vote.

## HEARINGS

H.R. 12113 was introduced on December 21, 1973, at the request of the Comptroller General. The Legislation and Military Operations Subcommittee held hearings on the bill on June 5 and 6, 1974. Testimony and statements were presented by the Comptroller General and GAO staff personnel, and by representatives of the Office of Management and Budget, the General Services Administration, and the Department of Defense. Specific details of their views are included in the discussion of each title of the bill. In general they supported the bill or posed issues which your committee has endeavored, where possible, to accommodate and reconcile by its amendment.

## TITLES OF THE BILL

## TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

Existing law authorizes statistical sampling procedures for the examination of disbursing vouchers for amounts of less than \$100 (31 U.S.C. 82b-1(a)). Title I increases the ceiling to such amounts as may be prescribed from time to time by the Comptroller General.

As pointed out in testimony by Elmer B. Staats, Comptroller General of the United States,<sup>1</sup> the present law was enacted in August 1964; since then the consumer price index has risen from 93 to 144 in 1974; and the number of vouchers eligible for sampling audit procedures has dropped from 65 percent to 51 percent in 1971. As a result, agency savings available through sampling audit procedures have fallen and only 12 agencies were using sampling procedures in 1971. Estimated savings were in excess of \$1.5 million for these 12 agencies. Raising the ceiling to \$250 would increase the savings by about 35 percent, and additional savings would be achieved as other agencies found it worthwhile to adopt the sampling procedures.

To avoid the lengthy process of changing a statutory ceiling by legislation to correspond with inflationary trends, the bill authorizes the Comptroller General to change the limit from time to time. It also requires the Comptroller General to evaluate the adequacy and effectiveness of an agency's use of sampling audit procedures. Thus each agency would have to demonstrate economies in its use of sampling audit procedures within the limits established by the Comptroller General.

Title I is supported by the executive agencies. In the judgment of your committee, it will achieve substantial savings in manpower and administrative costs without undue risk of unwarranted expenditures.

## TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

*Summary*

Title II of the bill, as amended, transfers responsibility for making initial audits of transportation vouchers from the General Accounting Office to the General Services Administration. The General Accounting Office, however, retains authority to conduct final audits in accordance with the Budget and Accounting Act of 1921 (31 U.S.C. 41) and the Accounting and Auditing Act of 1950 (31 U.S.C. 65). Within prescribed time limits, transportation carriers and forwarders may request review of an administrative audit by the Comptroller General.

In effect, title II makes the division of responsibility for transportation audits between the General Accounting Office and the executive branch comparable to that established for other Government disbursements, such as for procurement contracts, pay, and allowances,

<sup>1</sup> H.R. 12113, H.R. 12181, and H.R. 14718, "Bills Relating to the General Accounting Office," hearings before a subcommittee of the Committee on Government Operations, House of Representatives, 93d Cong., 2d sess., June 5 and 6, 1974 (hereinafter cited as "hearings"), pp. 31-32.

where initial audit is conducted by the executive agency, subject to final audit by the General Accounting Office.

### *Need*

The Comptroller General testified as follows: <sup>2</sup>

The basic reason for proposing the transfer of this operation is that by its very nature it is primarily an operating function of the executive branch. Almost all of the transportation costs of the government are incurred by executive branch agencies in the course of carrying out their operations.

This being the case, the responsibility for determining that the charges billed are technically correct belongs to the branch of government that procures the transportation services. Under the policy established in the Budget and Accounting Procedures Act of 1950, this is true for payments for all other types of services and it should apply to transportation, as well.

The detailed transportation audit function is simply not consistent with the general purposes, objectives and responsibilities of the GAO as they have been modernized over the past 25 years. Its primary emphasis is now on evaluating the efficiency, economy, and effectiveness of executive agency management performance and on assisting the Congress in its legislative and oversight work.

Responsibility for the detailed audit of transportation expenditures should be vested in the executive branch, subject to overall review by the GAO. This change would conform this large area of Federal expenditure to the same concept of executive management control subject to GAO post audit that applies to all other categories of expenditures.

It would appear, from the Comptroller General's testimony, that the placement of the initial audit function in the General Accounting Office is an anachronism going back to 1940, when there was a need to expedite payment of transportation vouchers, and the General Accounting Office was much more involved in detailed audits of agency expense vouchers. This function is no longer compatible with the change in the role of the General Accounting Office made by the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 65), or with the policy then established for the transfer of operating functions from the General Accounting Office to the executive agencies.<sup>3</sup>

### *Agency Views*

Representatives of the Office of Management and Budget and the General Services Administration supported the transfer of the transportation audit function from the General Accounting Office. The Department of Defense opposed title II in its original "open-ended

<sup>2</sup> Hearings, p. 33.

<sup>3</sup> Hearings, pp. 40 and 41.

form" under which one or more agencies could be designated by the Office of Management and Budget to take over the function. However, the Department of Defense has no objection to title II as revised by the committee, designating the General Services Administration as the transferee agency.

*Committee Revisions*

1. During the hearings there was general agreement by agency representatives that the transportation audit function should remain centralized in one executive agency, and that the General Services Administration was the appropriate agency to take over the basic responsibility.<sup>4</sup> Centralized operation is required in the interest of efficiency, effectiveness, and economy because of the numerous tariffs, schedules, and rulings involved and the scarcity of the highly specialized skills required. Carriers also consider it essential to deal with one agency in resolving questions of interpretation and application of rates. The Air Transport Association opposed transfer from the General Accounting Office until it was made clear that the function would be centralized in one executive agency.

Assignment of the function to the General Services Administration is compatible with its responsibilities and organization. Ronald E. Zechman, Acting Associate Administrator, General Services Administration, testified:<sup>5</sup>

\* \* \* We believe that, on the whole, the bill would place basic responsibility for auditing with executive branch agencies—where we believe it belongs—leaving the General Accounting Office in a position to carry out its proper oversight responsibilities over the executive branch.

\* \* \* \* \*

Should the bill be enacted and the transportation audit be assigned to GSA, it would complement our Government-wide transportation mission. In our statutory role of traffic manager for the civilian agencies, GSA provides a variety of transportation management programs designed to accomplish the most efficient and economical use of the various freight and passenger modes.

GSA also maintains a master tariff library which is utilized in serving Federal agencies requiring freight rate and passenger fare determinations, as well as routing, freight classification, and related technical data.

The committee agrees that the basic responsibility should remain centralized and should be vested in the General Services Administration. Accordingly, the committee amendment includes a change in section 201(a) to specify the General Services Administration as the transferee agency, in lieu of providing for the Director of the Office of Management and Budget to designate the transferee agency. Transfer of the function to the General Services Administration, in combination with the provisions for transfer of experienced personnel from the General Accounting Office and for carriers to appeal adverse

<sup>4</sup> Hearings, p. 42.

<sup>5</sup> Hearings, p. 68.

decisions to the Comptroller General, assure that the audit operation will be carried on with the same technical competence and impartiality shown by the General Accounting Office.

2. During the hearings, there was agreement that flexibility was needed to continue present arrangements for the performance of transportation audits by other agencies in exceptional cases, such as the audit of overseas transportation vouchers by Department of Defense offices in Heidelberg and Tokyo. Accordingly, the committee amendment includes authorization in section 201 (a) for the Administrator of General Services to delegate his audit authority in exceptional cases "pursuant to regulations prescribed by him." The latter language is intended to assure carriers that audits will be conducted to the extent practicable under a common set of procedures and forms.

3. To provide additional protection for transferred employees, the committee amendment includes changes in section 202, first to require consultation by the Director of the Office of Management and Budget and by the Comptroller General with the Chairman of the U.S. Civil Service Commission with regard to personnel to be transferred; and second, to guarantee transferred employees that they would not be reduced in pay or classification for 1 year after their transfer, except for cause, and thereafter they would have longevity and other employee benefits under 5 U.S.C. 5337 to the same extent as if they had remained employees of the General Accounting Office. In addition, section 203 is changed to allow a longer time (July 1, 1977, in place of July 1, 1976) to make the transfer and to prohibit transfer of employees before July 1, 1975.

4. Section 203 is changed to permit the Comptroller General and the Administrator of General Services to agree upon a date prior to July 1, 1977 (but, for personnel, not before July 1, 1975) as the effective date for transfer of audit functions, and to require advance publication of the effective date in the Federal Register.

5. Other conforming changes are made in title II.

### *Employee Concerns*

Approximately 400 employees would be transferred from the General Accounting Office to the General Services Administration to continue performing the transportation audit functions. A memorandum submitted to the subcommittee by the Black Caucus in the General Accounting Office expressed concern that job security and opportunities for advancement of transferred employees could be adversely affected. If the transfer were to be effected, the memorandum urged that there be careful advance planning in consideration of employee interests.<sup>6</sup>

Recognizing these employee concerns and desiring to assure job protection and opportunities for advancement, your committee has written specific provisions into the bill to allow ample time for advance planning and to protect employee rights and privileges. Up to 3 years are allowed for the transition. No personnel may be transferred before July 1, 1975. Employees who are transferred to the Gen-

<sup>6</sup> Hearings, p. 55.

eral Services Administration will continue to have employment and other rights equivalent to those afforded in the General Accounting Office. During the hearings, the subcommittee received assurances from the General Accounting Office, the General Services Administration, and the Office of Management and Budget that careful consideration would be given to the protection of employee rights and privileges.<sup>7</sup>

### TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

#### *Summary*

Title III of the bill makes nonappropriated fund activities, such as the military exchanges, subject to audit by the Comptroller General and gives him authority to inspect records and property and obtain copies of annual reports.

#### *Need*

Nonappropriated fund activities of the executive agencies such as the military exchanges are "big business" involving substantial expenditures. From time to time, problems have arisen in the administration of these activities, and the Congress has called upon the General Accounting Office to conduct audits. Numerous reports on such audits have been presented by the Comptroller General to the House Committee on Appropriations and the House Committee on Banking and Currency.<sup>8</sup>

Though financed by nonappropriated funds, activities such as military exchanges are considered Government instrumentalities partaking of its sovereign immunities,<sup>9</sup> and subjecting the Government to liability under the Federal Tort Claims Act.<sup>10</sup> Accordingly, the Congress and the executive branch should have the same assurance that their affairs are being properly conducted and supervised as is provided for other Government activities by audits of the General Accounting Office.

As the Comptroller General made clear in his testimony,<sup>11</sup> GAO audits will not be a substitute for the regular internal and outside audits obtained by the agencies, but will be conducted on a selected basis to test the accuracy of agency audit procedures and controls, and to investigate specific problems.

#### *Agency Views*

Representatives of the Office of Management and Budget, the General Services Administration, and the Department of Defense interposed no basic objection to giving GAO review authority over nonappropriated fund activities but raised a number of questions with respect to specific provisions. In all major respects, these have been accommodated by the committee amendment.

<sup>7</sup> Hearings, pp. 52, 75, and 107.

<sup>8</sup> Hearings, p. 33.

<sup>9</sup> *Standard Oil Co. v. Johnson*, 316 U.S. 481, 1942.

<sup>10</sup> See *Fournier v. U.S.*, 220 F. Supp. 752 (S.E. Miss., 1963).

<sup>11</sup> Hearings, p. 34.

*Committee Revisions*

1. The Office of Management and Budget representative, Charles F. Bingman, Deputy Associate Director, questioned the scope of "non-appropriated funds and related activities," as used in the original subsection 301(a). The Comptroller General made it clear that there was no intent under this provision to cover such nonappropriated activities as the Smithsonian Institution or Federal credit unions. Accordingly, he offered an amendment, which the committee adopted with slight modification, to limit nonappropriated fund activities to those "authorized or operated by an executive agency to sell merchandise or services to military or other government personnel and their dependents." As so amended, subsection 301(a) is acceptable to the Office of Management and Budget.

2. A question having arisen as to whether the original subsection 301(a) provision for access to records by the Comptroller General would extend to the records of contractors doing business with non-appropriated fund activities,<sup>12</sup> the committee amendment includes a clarifying change to limit access to the records "of funds and activities within this subsection." Thus the Comptroller General, under this provision, will not have direct access to the records of contractors supplying goods and services to nonappropriated fund activities.

3. Administration witnesses objected to the original form of subsection 301(b) on the ground that it would require agencies to change the format of the annual reports of nonappropriated fund activities and to furnish such reports in all cases without regard to the size of the activity. They regarded this as an unwarranted paperwork burden.

In response, the committee amendment includes a revision of subsection 301(b) reading as following:

(b) When required by the Comptroller General for such nonappropriated fund and related activities with gross receipts from sales or more than \$100,000 a year as he may designate by class, or upon specific request of the Comptroller General in any other case, each executive agency shall furnish promptly a copy of the annual report of any nonappropriated fund or related activity referred to in subsection (a). If such information is not included in any activity's annual report, such agency shall also furnish a statement showing the yearly financial operations, financial condition, and cash flow, and such other annual information relating to the activity as may be agreed upon by the Comptroller General and the head of the executive agency concerned.

Under this subsection as revised, the Comptroller General may obtain copies of annual reports without change in format, but supplemented by annual financial information that in any case should be contained in annual reports. Such reports are to be obtained regularly only from major activities with sales of more than \$100,000 a year. For smaller activities, the Comptroller General may obtain the annual report only upon specific request. These limitations should accommodate the major concerns of the agencies.

<sup>12</sup> Hearings, p. 82.

## TITLE IV—EMPLOYMENT OF EXPERTS AND CONSULTANTS

*Summary*

Title IV has two purposes. First, it provides continuing authority for the Comptroller General to employ experts and consultants as authorized by 5 U.S.C. 3109. That statute provides authorization and procedures for the hiring of experts and consultants by all Government agencies, but under its own terms it becomes operative only "when authorized by an appropriation or other statute." Title IV would provide such "other statute" on a permanent basis and make it unnecessary for the Comptroller General repetitively to seek and be granted such authority in annual appropriation acts.

Second, title IV grants special authority for the Comptroller General to employ 10 experts and consultants, for periods not in excess of 3 years, at rates up to executive level V (\$36,000 a year).

*Need*

1. Continuing authorization or employment of experts and consultants has become a standard and practically "boilerplate" provision of recent statutes establishing new agencies. Such continuing authorization should be extended equally to the General Accounting Office. Repetitive authorization has been a regular part of the GAO annual appropriations for years. See, for example, Legislative Branch Appropriation Act, 1974 (Public Law 93-145) and Legislative Branch Appropriation Act, 1969 (Public Law 90-417). Permanent authorization would eliminate what appears to be "pro forma" legislation returned each year. The Commission on Government Procurement identified some 90 Appropriation Act provisions authorizing employment of experts and consultants as one of the groups of statutes which could be "condensed, simplified, and harmonized."<sup>13</sup>

2. In support of the authorization to employ 10 experts and consultants at executive level V rates, the Comptroller General testified that GAO is unique among Federal agencies in that it is called on to perform tasks covering nearly the entire range of skills needed by the Federal Government, even though they are often required for only the relatively short period it may take to complete a particular program review. He went on to conclude:<sup>14</sup>

The present restrictions on the acquisition of experts and consultants thus present very real obstacles for the GAO in its quest for the best available talent to serve the needs of Congress and discharge its increasingly more diverse and complex responsibilities. It is for this reason that provision of the proposed legislation is needed.

Your committee recognizes that the Comptroller General, in responding to congressional requests for studies, investigations, and reports on numerous complex subjects, has a special need for experts and consultants, and therefore provides the requested authorization.

<sup>13</sup> Report of the Commission on Government Procurement (Dec. 31, 1972), vol. 4, pp. 179 and 184.

<sup>14</sup> Hearings, p. 34.

In allowing compensation for up to 10 experts and consultants at level V, we follow the precedent in the Congressional Budget and Impoundment Control Act of 1974, Public Law 93-344, section 702. This departs from the usual practice in the executive branch of compensating experts and consultants at a rate equivalent to GS-18. At present, and for some time, GS-18 and executive level V compensation has been the same (\$36,000 per annum), but executive level V compensation will be higher if pay schedules are adjusted. Your committee believes that the executive level V is in keeping with the precedent of Public Law 93-344 and is justified in this instance.

#### *Agency Views*

Title IV as amended is supported by the Comptroller General. The Office of Management and Budget questioned the General Accounting Office's need to pay executive level V compensation to 10 experts and consultants and to exempt them from the dual compensation and other restrictions.<sup>15</sup> However, as the OMB representative recognized, there are instances where employment of experts and consultants at executive level rates has been found necessary and authorized for the Executive Office of the President.

On balance, the committee agrees with the Comptroller General that his office also has a serious problem in obtaining experts and consultants of the caliber needed for the important programs serving the needs of Congress, and this problem should be alleviated to the limited extent provided by title IV as amended.

#### *Committee Revision*

The committee amendment revises section 401 to limit executive level V pay to 10 experts and consultants, restrict their employment to 3 years, and eliminate an exemption from dual compensation and other statutes affecting employment of personnel.

#### TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

##### *Summary*

Title V as amended transfers custody and control of the General Accounting Office Building from the General Services Administration to the Comptroller General. Other agencies occupy approximately one-half of the building and therefore title V authorizes the Comptroller General to enter into agreements with such other agencies for occupancy of the building at mutually agreeable rates, with the proceeds to be credited to appropriations for operation, repair, authorization and maintenance of the building.

##### *Need*

The Comptroller General justifies title V as follows:<sup>16</sup>

Insofar as the headquarters office is concerned, this would put GAO in a position generally comparable to the Government Printing Office, the Library of Congress, and the Architect of the Capitol.

\* \* \* \* \*

<sup>15</sup> Hearings, p. 105.

<sup>16</sup> Hearings, p. 35.

The GAO is now the only agency of the legislative branch whose headquarters space is under the jurisdiction of the GSA. We believe that managing our own building would be consistent with the pattern established for other parts of the legislative branch. Moreover, we believe that we should be completely free of any concern that GAO audit results are affected in any manner by differences of opinion which we may have from time to time as to providing our space needs and the audit of GSA space activities generally.

For example, the implementation of the new Federal building fund in fiscal year 1975 is already proving to be quite controversial because of the increased charges which are being placed upon agencies, including the GAO.

We believe that our status as an arm of the legislative branch with responsibility for giving the Congress our objective views with respect to programs of the executive branch would be enhanced if we had responsibility for meeting our own space requirements.

The General Accounting Office estimates savings in its own budget of approximately \$2 million a year, reflecting the difference between the \$5.70 a foot it cost in the past and the \$6.63 a foot which is the new standard level user charge fixed by the General Services Administration as the rate equivalent to the "approximate commercial charges" prescribed by Public Law 92-313.

Although your committee endorses the concept of central management of Federal office space by the General Services Administration, it believes that a valid exception can be made for the headquarters building of the General Accounting Office, which is within the legislative branch of the Government.

#### *Agency Views*

The General Services Administration, with the support of the Office of Management and Budget, opposes title V.<sup>17</sup> In the view of the General Services Administration, assignment of custody and control over the GAO building to the General Accounting Office, when half the space is occupied by executive agencies, would be contrary to the purpose of Public Law 92-313 in prescribing standard level user charges and establishing the public building fund.

#### *Committee Revision*

Whereas your committee believes, as noted above, that a valid exception can be made for the headquarters building of the General Accounting Office, we do not believe that this exception should extend to space outside the headquarters building, including field offices. Accordingly, the committee amendment includes deletion of a sentence in section 501 which would have authorized the Comptroller General to lease additional space in or outside of the District of Columbia.

<sup>17</sup> Hearings, p. 69.

## TITLE VI—AUDIT OF GOVERNMENT CORPORATIONS

## TITLE VII—REVISION OF ANNUAL AUDIT REQUIREMENTS

Both titles VI and VII have as their purpose relaxation of the present requirements for annual audits of certain Government corporations and agencies and substitution of a requirement for audit at least once every 3 years. The Government agencies and activities affected are those governed by the Government Corporation Control Act (31 U.S.C. 850, 851, 857, 858), the Federal Deposit Insurance Act (12 U.S.C. 1827 (b), (c)), the Federal Crop Insurance Act (7 U.S.C. 1513), the Housing and Urban Development Act of 1968 (12 U.S.C. 1701y(g)), the District of Columbia Redevelopment Act of 1945 (60 Stat. 801), the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)), the Housing Act of 1950 (12 U.S.C. 1749a(a)(2)), the Federal Credit Union Act (12 U.S.C. 1789(b)(2)), the General Supply Fund of the General Services Administration (40 U.S.C. 756(e)), the Bureau of Engraving and Printing Fund (31 U.S.C. 181d), the Veterans Canteen Service (38 U.S.C. 4207), the Higher Education Insured Loan Program (20 U.S.C. 1082(b)(2)), and the Government Printing Office (44 U.S.C. 309(c)).

The Comptroller General considers an audit once every 3 years generally adequate to fulfill the purpose of congressional oversight of these agencies and activities.<sup>18</sup> The reduction will allow him to make more effective use of his resources to handle his total work load. He emphasizes that these provisions give him discretion to make audits more frequently where he finds it necessary and in this regard he would consider the special interests of Congress.

The committee agrees that less frequent routine audit demands on the GAO would bring increased support for Congress and more efficient operations within the General Accounting Office.

*Agency Views*

The agencies generally concur in titles VI and VII. A question raised by the Farm Credit Administration has been accommodated by a committee revision.

*Committee Revision*

The committee amendment includes a number of technical changes and a revision of section 601(c) to make clear that General Accounting Office audits of mixed ownership corporations are required only as long as Government funds remain invested in them.

## TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMANDS

Title VIII was added by the committee amendment on the recommendation of the Comptroller General. It reduces the statute of limitations for the filing of claims in the General Accounting Office from 10 years to 6 years. This would make the General Accounting Office statute of limitations consistent with that provided for the filing of

<sup>18</sup> Hearings, pp. 16 and 17.

suits in the Court of Claims and the U.S. district courts (28 U.S.C. 2501, 2401).

As the Comptroller General testified,<sup>19</sup> the change will affect only about 40 claims a year, but will save about \$300,000 a year in record storage costs. In the judgment of the committee, 6 years affords sufficient time for claimants to act, and extended protection afforded by a 10-year statute of limitations, for about 40 claims a year, does not warrant retention of records at a cost of \$300,000 a year, particularly when the claimant would not be entitled to sue in court if his claim is rejected by the General Accounting Office.

The change will not take effect for 1 year after enactment of the bill. This provides a 1-year period of grace for the filing of claims after claimants are put on notice that they will be barred by a 6-year statute of limitations if they do not act promptly.

Other agencies are not directly affected by title VIII. The committee solicited views from the responsible committees of the American Bar Association and the Federal Bar Association. There was not sufficient time to obtain the official views of the associations. However, a number of members expressed individual views supporting or interposing no objection to title VIII but recommending a 1-year grace period rather than a 6-month grace period as originally proposed by the Comptroller General. The committee amendment accommodates this recommendation.

#### ESTIMATED COSTS AND SAVINGS

No significant costs are associated with this legislation. Net savings can be expected to accrue in the first year of enactment, and similar amounts will be saved in each of the five succeeding years, according to information received from the General Accounting Office.

Substantial savings, probably in excess of \$1 million annually, will result from full implementation of the revised statistical sampling procedures authorized in title I and the reduced period for filing claims in GAO provided by title VIII. Relatively small additional amounts will be saved annually from workload reductions resulting from implementation of titles VI and VII relating to the audit of certain Government corporations and revolving funds.

There will be small additional costs incurred for salaries and fees of the 10 experts and consultants authorized to be employed by title IV. The other titles will be relatively neutral in their cost impact.

Your committee concurs in the estimates provided by the General Accounting Office.

#### SECTION-BY-SECTION ANALYSIS

##### TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

The act of August 30, 1964 (31 U.S.C. 82b-1(a)), authorizes statistical sampling by agencies of disbursement vouchers under \$100. Section 101 of the bill deletes the \$100 limit. Instead, it authorizes

<sup>19</sup> Hearings, p. 38.

the Comptroller General to prescribe the limit from time to time. It also requires the Comptroller General to evaluate the adequacy and effectiveness of agency statistical sampling procedures. The new limit would not be mandatory but would allow agencies discretion to use statistical sampling procedures only to the extent they find it economical and effective.

#### TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

Title II includes a number of changes to provide for transfer of the general responsibility for the initial auditing of transportation payments from the General Accounting Office to the General Services Administration. The General Accounting Office will continue to have final audit responsibility and related functions as provided by the Budget and Accounting Act of 1921 (31 U.S.C. 41) and the Accounting and Auditing Act of 1950 (31 U.S.C. 65).

Paragraph 1 of section 201 of the bill amends subsection 322(a) of the Transportation Act of 1940 (49 U.S.C. 66) to transfer the preliminary transportation audit responsibilities from the General Accounting Office to the General Services Administration. It provides specifically for retention of the authority of the GAO to make audits under the Budget and Accounting Act of 1921 (31 U.S.C. 41) and the Accounting and Auditing Act of 1950 (31 U.S.C. 65). The paragraph also provides for the designation by the General Services Administration of other agencies to conduct such audits for transportation outside the continental United States or in other exceptional cases. This provides flexibility for the continuance by the General Services Administration of present arrangements which the GAO has found necessary for the auditing of the overseas transportation payments by overseas offices and in other exceptional cases. Audits under such delegated authority must be conducted pursuant to regulations prescribed by the General Services Administrator. The purpose is to assure that carriers will be confronted so far as practical by a common set of audit procedures and forms.

Paragraph 2 of section 201 of the bill makes conforming changes.

Paragraph 3 of the bill reletters existing subsections of section 322 of the Transportation Act of 1940 and adds a new subsection (b) which authorizes carriers to request the General Accounting Office to review any audit action taken by the General Services Administration or a designated agency. Such request must be filed either within the 3-year period now provided by section 322 for the filing of the transportation audit claims in the General Accounting Office, or within 6 months after the General Services Administration or other designated agency takes action on the claim, whichever is later. In effect, carriers will not have to file their claims directly with the General Accounting Office if they file them with the General Services Administration or another designated agency and thereafter take an appeal to the General Accounting Office within 6 months after agency action is completed.

Subsection 202(a) provides for the transfer of records, property, personnel, appropriations, and other funds incident to the transfer of the transportation audit function. Determinations with respect thereto

are to be made jointly by the Director of the Office of Management and Budget and the Comptroller General after consultation with the Administrator of General Services and, in the case of personnel, with the Chairman of the U.S. Civil Service Commission. The latter requirement is intended to assure appropriate advice from the Civil Service Commission to safeguard the interests of transferred personnel.

Subsection 202(b) guarantees transferred personnel against any loss in pay or classification for 1 year after transfer, except for cause. Thereafter, they are given the protection of section 5 U.S.C. 5337 to the same extent as if they had remained employees of the General Accounting Office. 5 U.S.C. 5337 provides for continuance of basic pay for 2 years after an employee is reduced in grade provided he has served in the same agency at the higher grade for 2 years. Thus the 2-year qualification for continuance of basic pay in the event of a reduction in grade will not be interrupted by the transfer from General Accounting Office to the General Services Administration.

Section 203 of the bill provides for the transfer of the transportation audit function to be effective as of a date agreed upon between the Comptroller General and the Administrator of General Services, but not later than July 1, 1977. This allows 3 years to plan and prepare for the transfer. In any case, personnel may not be transferred for 1 year. Notice of the effective date is to be published 30 days in advance in the Federal Register.

#### TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

Subsection 301(a) makes the operations and funds (including central funds) of nonappropriated fund activities subject to review by the Comptroller General and gives him access to their records and property. As amended, the subsection describes nonappropriated fund activities as those authorized or operated by an agency to sell merchandise or services to military or other Government personnel and their dependents. By way of example, the subsection enumerates the Army and Air Force Exchange Service, Navy exchanges, Marine Corps exchanges, Coast Guard exchanges, exchange councils of the National Aeronautics and Space Administration, commissaries, clubs, and theaters. This makes it clear that only selling activities are subject to General Accounting Office audit under this bill, and agencies such as the Smithsonian Institution and Federal credit unions are excluded. Also, as amended, the provision for General Accounting Office access to records makes clear that it pertains only to records held by nonappropriated fund activities and does not extend to records of contractors doing business with such activities unless they are filed with a nonappropriated fund activity and thereby become part of its records.

Subsection 301(b), as amended, authorizes the Comptroller General to require copies of the annual report of any nonappropriated fund activity he designates. The designation may be made by class in the case of activities having gross receipts from sales of over \$100,000 a year. In other cases, the designation must be made by specific request. If the annual report does not contain information showing yearly financial operations, financial condition and cash flow, a statement of such information must be furnished to the Comptroller General to-

gether with any other information that may be agreed upon between the Comptroller General and the head of the agency concerned. In effect, there will be no new paperwork for the agency apart from furnishing copies of the annual reports of nonappropriated fund activities without change in format or content if they include such basic financial data as the agencies need to have for their own informed management of nonappropriated fund activities.

#### TITLE IV—EMPLOYMENT OF EXPERTS AND CONSULTANTS

Section 401 first authorizes the Comptroller General to employ experts and consultants as authorized by 5 U.S.C. 3109 at daily rates prescribed for GS-18 civil service employees. 5 U.S.C. 3109 now provides for the employment of experts and consultants "when authorized by an appropriation or other statute." Section 401 constitutes such "other statute" and makes it unnecessary for the Comptroller General to seek such authorization repetitively every year in appropriation acts.

Section 401 also gives the Comptroller General special authority to hire 10 experts and consultants for periods not exceeding 3 years at executive level V compensation. Specific provision for a term of 3 years is necessary to overcome the limitation by 5 U.S.C. 3109 to periods not exceeding one year. Currently there is no difference between executive level V and compensation (\$36,000 a year) and GS-18 compensation (\$36,000 a year), but the distinction may become significant in the future.

#### TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

Section 501 of the bill transfers responsibility for the custody and control of the General Accounting Office building from the Administrator of General Services to the Comptroller General and authorizes the Comptroller General to enter into agreements with executive agencies for the occupancy of available space in the General Accounting Office building at rates to be agreed upon. The proceeds of such rates will be deposited in appropriations used for the operation, maintenance, repair, and alteration of space occupied by the agencies.

#### TITLE VI—AUDITS OF GOVERNMENT CORPORATIONS

This title contains a series of amendments to current statutes for the purpose of changing the requirement for the audit of Government corporations from once every year to once every 3 years.

Subsection 601(1) amends section 105 of the Government Corporation Control Act (31 U.S.C. 850) as of July 1, 1974, to require an audit of each wholly owned Government corporation at least once every 3 years.

Subsection 601(2) amends section 106 of such act (31 U.S.C. 851) to delete a requirement for a report to Congress of an annual audit of wholly owned Government corporations and to substitute a requirement for submission of an audit report within 6½ months after the last year covered by a General Accounting Office audit.

Subsections 601 (3) and (4) amend sections 202 and 203 of the Government Corporation Control Act (31 U.S.C. 857, 858) to provide the same treatment for mixed ownership Government corporations as that provided for wholly owned Government corporations under subsections (1) and (2) of section 601.

Section 602 amends subsections 17(b) and 17(c) of the Federal Deposit Insurance Act (12 U.S.C. 1827 (b), (c)), to provide the same treatment for the Federal Deposit Insurance Corporation.

Section 603 amends section 513 of the Federal Crop Insurance Act (7 U.S.C. 1513) to delete the requirement for an annual audit of the Federal Crop Insurance Corporation by the General Accounting Office. That corporation would then be subject to the requirement of an audit at least once every 3 years under the Government Corporation Control Act as amended.

Section 604 amends subsection 107(g) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701y(g)) to provide for audit once every 3 years of the National Home Ownership Foundation.

Section 605 of the bill amends section 17 of the District of Columbia Redevelopment Act of 1945 (60 Stat. 801) by deleting the word "annual" from the requirement for General Accounting Office audit of the National Capitol Housing Authority. In effect, the frequency of audit would be determined by the Comptroller General.

#### TITLE VII—REVISION OF ANNUAL AUDIT REQUIREMENTS

Title VII eliminates requirements for annual audits of certain revolving funds of Government agencies and makes them subject to audit at the discretion of the Comptroller General in accordance with the Accounting and Auditing Act of 1950 (31 U.S.C. 65).

Section 701, as technically amended, effects such change for the general supply fund of the General Services Administration by amending section 109(e) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 756(e)).

Section 702 effects such change for the war risk insurance fund of the Department of Transportation by amending section 1307(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)).

Section 703 effects such change for the Bureau of Engraving and Printing fund of the Department of the Treasury by amending a statute codified at 31 U.S.C. 181d.

Section 704 effects such change for the Veterans Canteen fund of the Veterans Administration by amending 38 U.S.C. 4207.

Section 705 effects such change for the student loan insurance fund of the Department of Health, Education, and Welfare by amending section 432(b)(2) of the Higher Education Act of 1965 (20 U.S.C. 1082(b)(2)).

Section 706 effects such change for the urban renewal fund and the college housing fund of the Department of Housing and Urban Development by amending section 402(a)(2) of the Housing Act of 1950 (12 U.S.C. 1749a(a)(2)). This change will affect programs for housing for elderly or handicapped (12 U.S.C. 1701q); rehabilitation loans (42 U.S.C. 1452b); public facility loans (42 U.S.C. 1494); new

community assistance (42 U.S.C. 3912); low rent housing (42 U.S.C. 1417a); riot insurance (12 U.S.C. 1749bbb-17); and transportation grants (49 U.S.C. 1609).

Section 707 effects such change for the National Credit Union Administration fund by amending section 209(b)(2) of the Federal Credit Union Act (12 U.S.C. 1789(b)(2)).

Sections 708 effects such change for the Government Printing Office fund by amending 44 U.S.C. 309(c).

#### TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMAND

Section 801 amends section 1 of the act of October 9, 1940 (31 U.S.C. 237) to reduce the period of time allowed for the filing of claims in the General Accounting Office from "ten full years" to "six years." The change is to be effective 1 year after enactment of the bill. Thereafter claimants will have only 6 years for the filing of claims in the General Accounting Office before they are barred. The 6 years so provided is the same as that allowed for the filing of suits against the United States in the Court of Claims under 28 U.S.C. 2501 and in the U.S. district courts under 28 U.S.C. 2401. Postponement of the effective date for 1 year is provided to assure that claimants will have adequate notice and time for the filing of their claims before they are barred by the curtailed statute of limitations.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

#### ACT OF AUGUST 30, 1964

AN ACT To permit the use of statistical sampling procedures in the examination of vouchers

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, (a) [That, whenever] Whenever the head of any department or agency of the Government or the [Commissioners] Commissioner of the District of Columbia determines that economies will result therefrom, such agency head or the [Commissioners] Commissioner may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers [for amounts of less than \$100] not exceeding such amounts as may from time to time be prescribed by the Comptroller General of the United States; and no certifying or disbursing officer acting in good faith and in conformity with such procedures shall be held liable with respect to any certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure, [provided that] so long as such officer and his department or agency have diligently pursued collection action to recover the illegal, im-*

proper, or incorrect payment in accordance with procedures prescribed by the Comptroller General. *The Comptroller General shall include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of this Act.*

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## SECTION 322 OF THE TRANSPORTATION ACT OF 1940

### DEDUCTION OF OVERPAYMENTS

SEC. 322. (a) [Subject to such standards as shall be promulgated jointly by the Secretary of the Treasury and the Comptroller General of the United States, payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor, prior to audit or settlement by the General Accounting Office, but the right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder.] *Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor prior to audit by the General Services Administration, or by any other executive agency designated by the Administrator of General Services to conduct such audit (pursuant to regulations prescribed by him) in cases involving transportation outside the continental United States or in other exceptional cases. The right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder. The provisions of this subsection shall not affect the authority of the General Accounting Office to make audits in accordance with the Budget and Accounting Act, 1921 (31 U.S.C. 41), and the Accounting and Auditing Act of 1950 (31 U.S.C. 65). The term "overcharges" shall be deemed to mean charges for transportation services in excess of those applicable thereto under tariffs lawfully on file with the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Maritime Commission, and any State transportation regulatory agency, and charges in excess of those applicable thereto under rates, fares, and charges established pursuant to section 22 of the Interstate Commerce Act, as amended, or other equivalent contract, arrangement, or exemption from regulation: Provided, however, That such deductions shall be made within three years (not including any time of war) from the time of payment of bills: Provided further, That every claim [cognizable by the General Accounting Office] for charges for transportation within the purview of this section shall be forever barred unless such claim shall be received in the General [Accounting Office] Services Administration or an executive agency designated by the Administrator of General Services within three years (not including any time of war) from the date of (1) accrual of the cause of action thereon, or (2) payment of charges for the transportation involved,*

or (3) subsequent refund for overpayment of such charges, or (4) deduction made pursuant to this section, whichever is later.

(b) *Nothing in subsection (a) hereof shall be deemed to prevent any carrier or forwarder from requesting the Comptroller General to review the action on his claim by the General Services Administration or an executive agency designated by the Administrator of General Services. Such request shall be forever barred unless received in the General Accounting Office within six months (not including any time of war) from the date the action was taken or within the periods of limitation specified in the second proviso in subsection (a) of this section, whichever is later.*

[(b)] (c) Pursuant to regulations prescribed by the head of a Government agency or his designee and in conformity with such standards as shall be promulgated jointly by the Secretary of the Treasury and the Comptroller General of the United States, bills for passenger or freight transportation services to be furnished the United States by any carrier or forwarder may be paid in advance of completion of the services, without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529) : *Provided*, That such carrier or forwarder has issued the usual ticket, receipt, bill of lading, or equivalent document covering the service involved, subject to later recovery by deduction or otherwise of any payments made for any services not received as ordered by the United States.

[(c)] (d) The term "head of a Government agency" means any individual or group of individuals having final decisionmaking responsibility for any department, commission, board, service, Government corporation, instrumentality, or other establishment or body in the United States Government.

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## GOVERNMENT CORPORATION CONTROL ACT

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### TITLE I—WHOLLY OWNED GOVERNMENT CORPORATIONS

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SEC. 105. The financial transactions of wholly owned Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided*, That such rules and regulations may provide for the retention at the offices of such corporations, in whole or in part, of any accounts of accountable officers, covering corporate financial transactions, which are required by existing law to be settled and adjusted in the General Accounting Office, and for the settlement and adjustment of such accounts in whole or in part upon the basis of examinations in the course of the audit herein provided, but nothing in this proviso shall be construed as affecting the powers reserved to the Tennessee Valley Authority in the Act of November 21, 1941 (55

Stat. 775). The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this Act. The audit of the Federal Savings and Loan Insurance Corporation shall be conducted on a calendar year basis. *Effective July 1, 1974, each wholly owned Government corporation shall be audited at least once every three years.*

SEC. 106. [A report of each such audit for a fiscal year shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year (and a report of each such audit for a calendar year shall be made by the Comptroller General to the Congress not later than July 15 following the close of such calendar year).] *A report of each audit conducted under section 105 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

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## TITLE II—MIXED-OWNERSHIP GOVERNMENT CORPORATIONS

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SEC. 202. The financial transactions of mixed-ownership Government corporations for any period during which Government capital has been invested therein shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the

accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this Act. The audit of the Federal home loan banks shall be conducted on a calendar year basis. *Effective July 1, 1974, each mixed-ownership Government corporation shall be audited as provided herein at least once in every three years.*

SEC. 203. [A report of each such audit for a fiscal year shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year (and a report of each such audit for a calendar year shall be made by the Comptroller General to the Congress not later than July 15 following the close of such calendar year).] *A report of each audit conducted under section 202 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of, and the use of Government capital by, each such corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

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#### SECTION 17 OF THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 17. (a) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

(b) The financial transactions of the Corporation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at

the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in possession and custody of the Corporation. The audit shall begin with financial transactions occurring on and after August 31, 1948. *The Corporation shall be audited at least once in every three years.*

(c) [A report of the audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year. On or before December 15 following such fiscal year the Comptroller General shall furnish the Corporation a short form report showing the financial position of the Corporation at the close of the fiscal year.] *A report of each audit conducted under subsection (b) of this section shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report to the Congress shall set forth the scope of the audit and shall include a statement of assets and liabilities and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the Corporation at the time submitted to the Congress.

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## SECTION 513 OF THE FEDERAL CROP INSURANCE ACT

### ACCOUNTING BY CORPORATION

SEC. 513. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation. [The financial transactions of the Corporation shall be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: *Provided*, That such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or

the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.】

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SECTION 107 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

NATIONAL HOMEOWNERSHIP FOUNDATION

SEC. 107. (a) \* \* \*

\* \* \* \* \*

(g) (1) The financial transactions of the Foundation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Foundation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. The audit shall cover the fiscal year corresponding to that of the United States Government. *Such audit shall be made at least once every three years.*

(2) A report of each such audit shall be made by the Comptroller General to the Congress not later than 【January 15】 *six and one-half months* following the close of the 【fiscal year for which the audit was made】 *last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital, and surplus or deficit; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep the Congress informed of the operations and financial condition of the Foundation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking, observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President and to the Foundation at the time submitted to the Congress.

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SECTION 17 OF THE DISTRICT OF COLUMBIA REDEVELOPMENT  
ACT OF 1945

ACQUISITION UNDER DISTRICT OF COLUMBIA ALLEY DWELLING ACT

SEC. 17. From and after the termination of the period of one year, beginning with the date of the approval of this Act, all authority granted by the Act known as the District of Columbia Alley Dwelling

Act, approved June 12, 1934, as amended, to acquire, by purchase, condemnation, or gift, lands, buildings and structures, or any interest therein, is hereby transferred to and vested in the Agency created by this Act. During said one-year period said authority may be exercised by the National Capital Housing Authority only for projects that shall have been approved by the Planning Commission and the District Commissioners: *Provided, however,* That failure of the Planning Commission or the District Commissioners to approve or disapprove in writing within sixty days after the submission by the National Capital Housing Authority shall be equivalent to a formal approval. Nothing contained in said Alley Dwelling Act or in this Act shall be interpreted as precluding the inclusion at any time of any alley or inhabited alley or alley dwelling or dwelling or square containing an inhabited alley in a project area to be planned, acquired, and disposed of under the provisions of this Act. Any real property acquired by the Agency under the authority of the Alley Dwelling Act may be transferred or may be sold or leased by the Agency as provided in this Act for real property acquired for a project area redevelopment. The National Capital Housing Authority is hereby declared to be a redevelopment company and is hereby granted the power to purchase or lease redevelopment areas or parts thereof from the Agency in accordance with the provisions of this Act. The National Capital Housing Authority shall keep regular books of account in accordance with standard auditing practices, covering all properties operated by it, showing detailed construction costs, management costs, repairs, maintenance, other operating costs, rents, subsidies, grants, allowances and exemptions; such books shall be subject to [annual] audit by the General Accounting Office; and the annual report of the National Capital Housing Authority shall include a summary of all transactions covered by such books and shall be made available to the public upon request.

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SECTION 109 OF THE FEDERAL PROPERTY AND ADMINISTRATIVE  
SERVICES ACT OF 1949

GENERAL SUPPLY FUND

SEC. 109. (a) \* \* \*

\* \* \* \* \*

[(e) The Comptroller General of the United States shall make an annual audit of the General Supply Fund as of June 30, and there shall be covered into the United States Treasury as miscellaneous receipts any surplus found therein, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund, and the Comptroller General shall report to the Congress annually the results of the audit, together with such recommendations as he may have regarding the status and operations of the fund.]

(e) (1) *As of June 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, all assets, liabilities, and prior losses considered,*

above the amounts transferred or appropriated to establish and maintain said fund.

(2) *The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof.*

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SECTION 1307 OF THE FEDERAL AVIATION ACT OF 1958

ADMINISTRATIVE POWERS OF SECRETARY

Regulatory and Settlement

SEC. 1307. (a) \* \* \*

\* \* \* \* \*

Budget Program and Accounts

(f) The Secretary, in the performance of, and with respect to, the functions, powers, and duties vested in him by this title, shall prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended (59 Stat. 597; 31 U.S.C. 841). The Secretary shall maintain [an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial transactions as provided by the said Government Corporation Act:] *a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950: Provided, That, because of the business activities authorized by this title, the Secretary may exercise the powers conferred in said title, perform the duties and functions, and make expenditures required in accordance with commercial practice in the aviation insurance business, and the General Accounting Office shall allow credit for such expenditures when shown to be necessary because of the nature of such authorized activities.*

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SECTION 6 OF THE ACT OF AUGUST 4, 1950

AN ACT To provide for financing the operations of the Bureau of Engraving and Printing, Treasury Department, and for other purposes

\* \* \* \* \*

SEC. 6. The financial transactions, accounts, and reports of the fund shall be audited on an annual basis by the [General Accounting Office and a copy of each report on audit shall be furnished promptly to the President, the Congress, and the Secretary.] *Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.*

## SECTION 4207 OF TITLE 38, UNITED STATES CODE

## CHAPTER 75—VETERANS' CANTEEN SERVICE

\* \* \* \* \*

**§ 4207. Audit of Accounts**

The Service shall maintain [an integral] a set of accounts which shall be audited [annually] by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by section 841-869 of title 31. No other audit shall be required.] *by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.*

## SECTION 432 OF THE HIGHER EDUCATION ACT OF 1965

## LEGAL POWERS AND RESPONSIBILITIES

## SEC. 432. (a) \* \* \*

\* \* \* \* \*

(b) The Commissioner shall, with respect to the financial operations arising by reason of this part—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain with respect to insurance under this part [an integral] a set of accounts, which shall be audited [annually] by the [General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act.] *Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.*

## SECTION 402 OF THE HOUSING ACT OF 1950

## TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

\* \* \* \* \*

## GENERAL PROVISIONS

SEC. 402. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Secretary notwithstanding the provisions of any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(2) maintain [an integral] a set of accounts which shall be audited [annually] by the [General Accounting Office] *Comptroller General* in accordance with the [principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required] *provisions of the Accounting and Auditing Act of 1950: Provided*, That such financial transactions of the [Secretary] *Administrator* as the making of loans and vouchers approved by the [Secretary] *Administrator* in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

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## SECTION 209 OF THE FEDERAL CREDIT UNION ACT

### ADMINISTRATIVE PROVISIONS

SEC. 209. (a) \* \* \*

\* \* \* \* \*

(b) With respect to the financial operations arising by reason of this title, the Administrator shall—

(1) prepare annually and submit a business-type budget as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain an integral set of accounts, which shall be audited [annually] by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act.

## SECTION 309 OF TITLE 44, UNITED STATES CODE

### § 309. Revolving fund for operation and maintenance of Government Printing Office: capitalization; reimbursements and credits; accounting and budgeting; reports

(a) \* \* \*

\* \* \* \* \*

(c) An adequate system of accounts for the fund shall be maintained on the accrual method, and financial reports prepared on the basis of the accounts. The Public Printer shall prepare and submit an annual business-type budget program for the operations under this fund. [The General Accounting Office shall audit the activities of the Government Printing Office and furnish an audit report annually to the Congress and the Public Printer.] *The Comptroller General shall audit the activities of the Government Printing Office at least once every three years and shall furnish reports of such audits to the Con-*

*gress and the Public Printer.* For these purposes the Comptroller General shall have such access to the records, files, personnel, and facilities of the Government Printing Office as he considers necessary.

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**(EFFECTIVE ONE YEAR AFTER ENACTMENT OF THE  
GENERAL ACCOUNTING OFFICE ACT OF 1974)**

SECTION 1 OF THE ACT OF OCTOBER 9, 1940

AN ACT Providing for the barring of claims against the United States

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That every claim or demand (except a claim or demand by any State, Territory, possession or the District of Columbia) against the United States cognizable by the General Accounting Office under section 305 of the Budget and Accounting Act of June 10, 1921 (42 Stat. 24), and the Act of April 10, 1928 (45 Stat. 413), shall be forever barred unless such claim, bearing the signature and address of the claimant or of an authorized agent or attorney, shall be received in said office within [ten full] *six* years after the date such claim first accrued: *Provided,* That when a claim of any person serving in the military or naval forces of the United States accrues in time of war, or when war intervenes within five years after its accrual, such claim may be presented within five years after peace is established.

## APPENDIX

### TEXT OF COMMITTEE BILL AS REPORTED

This Act may be cited as the "General Accounting Office Act of 1974."

#### TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

SEC. 101. Subsection (a) of the Act entitled "An Act to permit the use of statistical sampling procedures in the examination of vouchers", approved August 30, 1964 (31 U.S.C. 82b-1(a)), is amended to read as follows:

"(a) Whenever the head of any department or agency of the Government or the Commissioner of the District of Columbia determines that economies will result therefrom, such agency head or the Commissioner may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers not exceeding such amounts as may from time to time be prescribed by the Comptroller General of the United States; and no certifying or disbursing officer acting in good faith and in conformity with such procedures shall be held liable with respect to any certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure, so long as such officer and his department or agency have diligently pursued collection action to recover the illegal, improper, or incorrect payment in accordance with procedures prescribed by the Comptroller General. The Comptroller General shall include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of this Act."

#### TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

SEC. 201. Section 322 of the Transportation Act of 1940 (49 U.S.C. 66) is amended—

(1) by striking out the first sentence of subsection (a) and inserting in lieu thereof "Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor prior to audit by the General Services Administration, or by any other executive agency designated by the Administrator of General Services to conduct such audit (pursuant to regulations prescribed by him) in cases involving transportation outside the continental United States or in other exceptional cases. The right

is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder. The provisions of this subsection shall not affect the authority of the General Accounting Office to make audits in accordance with the Budget and Accounting Act, 1921 (31 U.S.C. 41), and the Accounting and Auditing Act of 1950 (31 U.S.C. 65).";

(2) in the second proviso of subsection (a), by striking out "cognizable by the General Accounting Office" and by striking out "received in the General Accounting Office" and inserting in lieu of the latter "received in the General Services Administration or an executive agency designated by the Administrator of General Services"; and

(3) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting the following new subsection (b):

"(b) Nothing in subsection (a) hereof shall be deemed to prevent any carrier or forwarder from requesting the Comptroller General to review the action on his claim by the General Services Administration or an executive agency designated by the Administrator of General Services. Such request shall be forever barred unless received in the General Accounting Office within six months (not including any time of war) from the date the action was taken or within the periods of limitation specified in the second proviso in subsection (a) of this section, whichever is later."

SEC. 202. (a) Incident to the transfer of functions pursuant to the amendments made by section 201 of this Act, there shall be transferred to such agency such records, property, personnel, appropriations, and other funds of the General Accounting Office as the Comptroller General and the Director of the Office of Management and Budget shall jointly determine after consultation with the Administrator of General Services and, with respect to personnel, with the Chairman of the United States Civil Service Commission.

(b) Personnel transferred pursuant to subsection (a) of this section shall not be reduced in classification or compensation for one year after such transfer, except for cause. After such one year period, each person transferred pursuant to subsection (a) shall be subject to the provisions of section 5337 of title 5, United States Code, as if such person had continued to be an employee of the General Accounting Office.

SEC. 203. The transfer of functions pursuant to the amendments made by section 201 of this Act shall be fully effected not later than July 1, 1977, or at such earlier time as is agreed upon by the Comptroller General and the Administrator of General Services. Notice of the effective date of the transfer shall be published in the Federal Register not less than thirty days in advance thereof. No transfer of personnel pursuant to this title shall be effected prior to July 1, 1975.

### TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

SEC. 301. (a) The (1) operations and funds (including central funds) of nonappropriated fund and related activities authorized or

operated by an executive agency to sell merchandise or services to military or other Government personnel and their dependents, such as the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, Exchange Councils of the National Aeronautics and Space Administration, commissaries, clubs, and theaters, (2) systems of accounting and internal controls of such funds and activities, and (3) any internal or independent audits or reviews of such funds and activities shall, unless otherwise provided by law, be subject to review by the Comptroller General of the United States in accordance with such principles and procedures and under such rules and regulations as he may prescribe. The Comptroller General and his duly authorized representatives shall have access to those books, accounts, records, documents, reports, files, and other papers, things, or property relevant to funds and activities within this subsection as are deemed necessary by the Comptroller General.

(b) When required by the Comptroller General for such nonappropriated fund and related activities with gross receipts from sales of more than \$100,000 a year as he may designate by class, or upon specific request of the Comptroller General in any other case, each executive agency shall furnish promptly a copy of the annual report of any nonappropriated fund or related activity referred to in subsection (a). If such information is not included in any activity's annual report, such agency shall also furnish a statement showing the yearly financial operations, financial condition, and cash flow, and such other annual information relating to the activity as may be agreed upon by the Comptroller General and the head of the executive agency concerned.

#### TITLE IV—EMPLOYMENT OF EXPERTS AND CONSULTANTS

SEC. 401. The Comptroller General may employ experts and consultants in accordance with section 3109 of title 5, United States Code, at rates not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of title 5, United States Code, for persons in the Government service employed intermittently. However, ten such experts or consultants may be employed for periods not in excess of three years, at rates (or the daily equivalent thereof) not in excess of the rate prescribed for Executive level V under section 5316 of title 5, United States Code.

#### TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

SEC. 501. Notwithstanding any other provision of law, the Comptroller General shall have exclusive custody and control over the General Accounting Office Building, including the operation, maintenance, repairs, alterations, and assignment of space therein. The Comptroller General and the head of any Federal agency may enter into agreements for space to be occupied in the General Accounting Office Building by such agency at such rates as may be agreed upon. Amounts received by the General Accounting Office pursuant to such agreements will be deposited to the appropriation initially charged for providing operation, maintenance, repair and alteration services with respect to such space.

## TITLE VI—AUDIT OF GOVERNMENT CORPORATIONS

### AMENDMENTS TO THE GOVERNMENT CORPORATION CONTROL ACT

SEC. 601. The Government Corporation Control Act is amended as follows:

(1) Section 105 of such Act (31 U.S.C. 850) is amended by adding at the end thereof the following sentence: "Effective July 1, 1974, each wholly owned Government corporation shall be audited at least once every three years."

(2) Section 106 of such Act (31 U.S.C. 851) is amended by striking out the first sentence and inserting in lieu thereof "A report of each audit conducted under section 105 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

(3) Section 202 of such Act (31 U.S.C. 857) is amended by adding at the end thereof the following sentence: "Effective July 1, 1974, each mixed-ownership Government corporation shall be audited as provided herein at least once in every three years."

(4) Section 203 of such Act (31 U.S.C. 858) is amended by striking out the first sentence and inserting in lieu thereof "A report of each audit conducted under section 202 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

### AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 602. The Federal Deposit Insurance Act is amended as follows:

(1) Section 17(b) of such Act (12 U.S.C. 1827(b)) is amended by adding at the end thereof the following sentence: "The Corporation shall be audited at least once in every three years."

(2) Section 17(c) of such Act (12 U.S.C. 1827(c)) is amended by striking out the first and second sentences and inserting in lieu thereof "A report of each audit conducted under subsection (b) of this section shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

### AMENDMENT TO FEDERAL CROP INSURANCE ACT

SEC. 603. Section 513 of the Federal Crop Insurance Act (52 Stat. 76; 7 U.S.C. 1513) is amended by striking out all after the first sentence.

### AMENDMENTS TO THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

SEC. 604. Section 107(g) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701y(g)) is amended by—

(1) adding the following new sentence at the end of subparagraph (1): "Such audit shall be made at least once every three years."; and

(2) striking out the first sentence in subparagraph (2) and inserting in lieu thereof "A report of each such audit shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

AMENDMENT TO DISTRICT OF COLUMBIA REDEVELOPMENT ACT OF 1945

SEC. 605. Section 17 of the District of Columbia Redevelopment Act of 1945 (60 Stat. 801) is amended by striking out "annual audit" in the last sentence and inserting in lieu thereof "audit".

TITLE VII—REVISION OF ANNUAL AUDIT  
REQUIREMENTS

AMENDMENT TO FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT  
OF 1949

SEC. 701. Section 109(e) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 756(e)) is amended to read as follows:

"(e) (1) As of June 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund.

"(2) The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof."

AMENDMENT TO THE FEDERAL AVIATION ACT OF 1958

SEC. 702. That part of the second sentence of section 1307(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)) which precedes the proviso is amended to read as follows: "The Secretary shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950:"

AMENDMENT WITH RESPECT TO THE BUREAU OF ENGRAVING AND PRINTING  
FUND

SEC. 703. Section 6 of the Act entitled "An Act to provide for financing the operations of the Bureau of Engraving and Printing, Treasury Department, and for other purposes" (31 U.S.C. 181d) is amended by striking out "the General Accounting Office" and all that follows thereafter to the end of such section and inserting in lieu thereof "the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE VETERANS' CANTEEN SERVICE

SEC. 704. Section 4207 of title 38, United States Code, is amended to read as follows:

“§ 4207. Audit of accounts

“The Service shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.”

AMENDMENT WITH RESPECT TO THE HIGHER EDUCATION INSURED LOAN PROGRAM

SEC. 705. Section 432(b) (2) of the Higher Education Act of 1965 (20 U.S.C. 1082(b)(2)) is amended to read as follows:

“(2) maintain with respect to insurance under this part a set of accounts, which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.”

AMENDMENT TO THE HOUSING ACT OF 1950

SEC. 706. Section 402(a) (2) of the Housing Act of 1950 (64 Stat. 78; 12 U.S.C. 1749a(a) (2)) is amended to read as follows:

“(2) maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950: *Provided*, That such financial transactions of the Administrator as the making of loans and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.”

AMENDMENT TO THE FEDERAL CREDIT UNION ACT

SEC. 707. Section 209(b) (2) of the Federal Credit Union Act (12 U.S.C. 1789(b) (2)) is amended by striking out “annually”.

AMENDMENT WITH RESPECT TO AUDIT OF THE GOVERNMENT PRINTING OFFICE

SEC. 708. Section 309(c) of title 44, United States Code, is amended by striking out the third sentence and inserting in lieu thereof “The Comptroller General shall audit the activities of the Government Printing Office at least once every three years and shall furnish reports of such audits to the Congress and the Public Printer.”

TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMANDS

SEC. 801. Effective one year after enactment of this Act, section 1 of the Act of October 9, 1940 (54 Stat. 1061; 31 U.S.C. 237), is amended by striking out “ten full years” and inserting in lieu thereof “six years”.

## GENERAL ACCOUNTING OFFICE ACT OF 1974

DECEMBER 10, 1974.—Ordered to be printed

Mr. HUDDLESTON, from the Committee on Government Operations, submitted the following

### REPORT

[To accompany S. 3013]

The Committee on Government Operations, to which was referred the bill (S. 3013) to revise and restate certain functions of the Comptroller General of the United States, and for other purposes, having considered the same, reports favorably thereon, with amendments, and recommends that the bill as amended do pass.

#### PURPOSE

The purpose of this bill is to streamline and modernize the role and responsibility of the General Accounting Office so that it may more fully utilize its resources as an arm of the Congress. Among other things, the bill restates the time frames within which the Comptroller General must audit certain accounts, transfers the "executive function" of auditing transportation vouchers and claims to the General Services Administration, and provides the Comptroller General authority for audits of certain nonappropriated funds.

#### EXPLANATION OF COMMITTEE ACTION

As amended by the committee, the bill would eliminate the strict dollar ceiling imposed on government agencies before they are allowed to employ statistical sampling procedures, and authorize the Comptroller General to prescribe limits for each agency on the dollar amount of vouchers subject to the use of statistical sampling procedures.

The bill would transfer the audit of transportation payments from the General Accounting Office to the General Services Administration. This eliminates a purely "executive function".

Presently, the General Accounting Office lacks authority to audit certain nonappropriated fund activities, such as military exchange programs. Previous investigations conducted by this committee documented the need for GAO to be given the authority to review the accounts and procedures of such activities.

This legislation would also provide permanent authority for the General Accounting Office to employ experts and consultants at the GS-18 level. The General Accounting Office currently receives an annual authorization to employ such experts and consultants in the Legislative branch appropriations bill.

§ 3013 would amend various laws to provide greater flexibility and authority to the Comptroller General to audit the records and accounts of various government corporations and revolving funds.

Finally, the legislation would reduce the statute of limitations on claims and demands from 10 full years to six years. The number of such claims indicates that the reduction in the statute of limitations would not substantially affect the amount of claims submitted to the GAO; however, substantial savings in records storage costs would result.

#### SUMMARY OF HEARING

On 7 August the Subcommittee on Budgeting, Management and Expenditures conducted a hearing on the bill, S. 3013. Witnesses included the Comptroller General and representatives of the General Services Administration. The General Services Administration specifically testified as to the appropriateness of Title II (the transfer of the audit of transportation vouchers) and Title V (the authority of the Comptroller General to control the GAO building).

#### LEGISLATIVE HISTORY

Since the enactment of the Budgeting and Accounting Act of 1921, which created the General Accounting Office, numerous statutes have increased or affected the responsibility of that Office, including the Auditing and Accounting Act of 1950 and the Legislative Reorganization Acts of 1946 and 1970. The Congress has continually reinforced the fundamental principle that the General Accounting Office is "an establishment of the Government which shall be independent of the executive departments . . ." <sup>1</sup>

S. 3013 was introduced by Senators Ervin, Metcalf, and Ribicoff, on request of the Comptroller General, on February 19, 1974. The bill is a redraft of portions of legislation submitted earlier by the General Accounting Office, and introduced by the same senators (S. 2049) on June 21, 1973. A hearing was held on Title IV of that bill on August 1, 1973, in conjunction with hearings on budget control legislation. The Comptroller General and the GAO were made part of the legislative branch by statute in 1945.<sup>2</sup>

#### SECTION-BY-SECTION ANALYSIS

Title I of S. 3013 amends Public Law 88-521, approved August 30, 1964, which gives the heads of departments and agencies and the Com-

<sup>1</sup> Section 301, Budget and Accounting Act of 1921, as amended, 31 U.S.C. 41.

<sup>2</sup> Section 7, Reorganization Act of 1945, 5 U.S.C. 902.

missioner of the District of Columbia the authority to allow the use of statistical sampling in the examination of disbursement vouchers for amounts less than \$100.

The law also provides that certifying and disbursing officers acting in good faith and using such procedures are relieved of liability for improper certification of payment of vouchers that may not have been examined because of the use of a statistical sampling plan.

Title I would amend subsection (a) of Public Law 88-521 so as to eliminate the current \$100 limitation on the amount of disbursement vouchers subject to audit by statistical sampling. In its place, the bill would impose a limitation of such amount as the Comptroller General may prescribe.

The result of the enactment of this title would be to increase the number of vouchers that may be subject to audit by statistical sampling techniques. This title will result in substantial savings in both time and manpower.

The amended language authorizing the Comptroller General to establish the upper limits for disbursement vouchers that may be sampled, and to change this limit from time to time as conditions warrant, will avoid the current problem of having the limitations fixed by law.

Title II amends section 322 of the Transportation Act of 1940 to continue the statutory requirement for payment of carrier bills upon presentation. But S. 3013 moves the primary responsibility for the audit of transportation payments and the recovery of overcharges from the General Accounting Office to the General Services Administration. The responsibility for the detailed audit would be vested in the Executive branch, subject to overall review by the GAO. GAO would still retain its appellate function, enabling carriers to request the Comptroller General to review executive agency action on their claims.

The committee has amended the original bill to eliminate OMB designation of the responsible executive agency, and placed the responsibility for the audit function in GSA. However, the committee recognizes that the GSA does not now perform the audit for foreign transportation vouchers, and thus provides that the Administrator may designate another agency to carry out that function. However, the responsibility would still remain with the General Services Administration.

Employees of GAO have expressed concern about the transfer of personnel currently assigned to the Transportation Claims Division within GAO. (The legislation provides for the transfer of all records, personnel, funds, etc., involved in the audit responsibility.) The employees are concerned about job protection, salary retention, and the possible loss of personnel due to relocation outside the GAO building.

The committee, to meet these concerns, amended the title to insure that personnel transferred shall not be reduced in classification or compensation for two years after such transfer, except for cause, and that after such two year period such personnel shall be subject to the provisions of section 5337 of title 5 United States Code.

In addition, the committee amendments provide that such personnel shall be provided with training, counseling and career development and equal employment opportunity programs by the Com-

troller General in order to effectuate a full and adequate transfer of the functions, and be guaranteed such protections and programs by the Administrator of the General Services Administration subsequent to such transfer in accordance with a plan to be established by the Administrator. The Committee is aware that such programs are already in existence in GAO and GSA. The amendments are designed to assure continued availability of these programs to the affected employees both before and after the transfer.

The bill establishes a time frame between October 1, 1975 and September 30, 1976, within which the transfer is to be mutually determined by the Comptroller General and the Administrator of General Services, with notice in the Federal Register 60 days prior to the transfer of this function to the General Services Administration. GSA shall publish in the Federal Register its detailed plan for the transfer of functions and personnel under this title. This plan shall be based upon a thorough survey of facilities available for such people, and identify GSA's plan for career development and counseling. The implementation of this plan will be under the supervision of a liaison group composed of representatives of the GAO, General Services Administration, and the Civil Service Commission.

Title III makes nonappropriated fund activities which sell merchandise or services to military or other Government personnel and their dependents, such as the military exchanges, subject to audit by the Comptroller General and gives the Comptroller General the authority to inspect records and property and to obtain copies of annual reports.

Subsection 301(a) would authorize the Comptroller General, unless otherwise required by law, to review the operations, systems of accounting and internal controls, and any internal or independent audits or reviews of non-appropriated funds and related activities within the Executive branch.

Under this section, the Comptroller General and his duly authorized representatives would have access to such documents relating to these funds and activities as is deemed necessary.

Subsection (b) would require such nonappropriated fund activities as the Comptroller General designates to furnish him, an annual report, including annual statements of financial operations, financial conditions and cash flow.

The Committee recognized that increased paperwork may result from the mandatory filing of reports of nonappropriated fund activities with the General Accounting Office. To eliminate the unnecessary paper flow to the GAO, the committee has authorized the Comptroller General to request such reports, rather than make the filing of such reports mandatory.

Title IV provides the Comptroller General with permanent authority to employ experts and consultants in accordance with section 3109 of Title 5, United States Code, at rates not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of Title 5, United States Code. The committee did not accept the provisions submitted by the GAO for authority to employ experts and consultants at the rate of Level V of the Executive Schedule.

The committee has authorized the Comptroller General to employ up to ten experts and consultants for periods not in excess of three years. The committee is aware of the fact that some functions GAO is required to monitor may extend beyond the one year limitation

generally imposed upon experts and consultants. To provide continuity regarding such activities, such as program evaluations, the committee has authorized a three year limitation on the length of employment.

Title V of the legislation introduced provided the Comptroller General with authority to control the GAO headquarters building and to lease buildings or parts of buildings elsewhere. The committee has supplanted this title with a new Title V, which would provide the GAO first priority on space within the GAO headquarters building, including, if necessary, the displacement of Executive branch agencies, which now occupy almost half the space.

The committee is aware of the time and dollar investments made by the two principal Executive branch agencies which currently occupy the GAO building. However, the committee feels that it is more advantageous for the General Accounting Office to be centralized in one location, to the maximum extent feasible.

Additional functions are continuously being placed in the General Accounting Office. New responsibilities, particularly in light of the passage of the Congressional Budget and Impoundment Control Act of 1974, require that the General Accounting Office be permitted to expand its facilities in a single location. The committee expects GSA to act promptly on any future requests for space by the Comptroller General.

Title VI of S. 3013, as reported by the committee, amends the Government Corporation Control Act, the Federal Deposit Insurance Act, the Federal Crop Insurance Act, and the Housing and Urban Development Act of 1968 to provide for audits of government corporations at least once every three years instead of annually.

Title VI also removes the requirement for an annual audit from the District of Columbia Redevelopment Act of 1945 and the Federal Home Loan Bank Act.

These amendments will not dilute congressional oversight of the operations of the corporations covered in this section of the bill. The provision does not restrict an audit to only once in every three years. On the contrary, in cases where the Comptroller General determines that a more frequent audit is necessary, such audits would still be permitted and encouraged. Where good accounting standards, good management and effective internal audits are made, such continuous annual oversight by the General Accounting Office would not be necessary.

Title VII of S. 3013, as reported, deletes the requirement for an annual audit from the Federal Property and Administrative Services Act of 1949, the Housing Acts of 1949 and 1950, the Federal Credit Union Act, and the acts concerning the operations of the Bureau of Engraving and Printing, the Veterans Canteen Service, the Federal Aviation Administration, the Higher Education Insured Loan Program and the Government Printing Office.

Under this bill, the audit of these activities will be made in accordance with those principles established in the Accounting and Auditing Act of 1950. As with Title VI, this title is designed to provide GAO with flexibility in carrying out its audit responsibilities. The decision as to the frequency of the audit would be determined on an activity-by-activity basis.

Section 801 decreases from 10 years to six years after the date a claim accrues the time within which claims cognizable by the GAO may be filed in that Office. This will make the time limitation con-

sistent with the Statute of Limitations now applicable to claims filed in administrative agencies and the courts.

Section 802 provides that the reduction in time allowed for filing claims in the GAO will not go into effect until six months after enactment, and makes it clear that the enactment of the new time limit will not affect claims filed before such enactment.

Reduction of the barring statute from 10 to six years would have a significant impact on the amount of files required to be maintained by the GAO.

A recent test conducted by the GAO over a typical six-month period indicated that "all GAO records between six and ten years old could be destroyed if the statute of limitations were shortened to six years. This would result in a savings of at least \$300,000 per year, based on the storage cost savings." The destruction of GAO records is of course limited only to those records pertaining.

#### CONCLUSIONS

The legislation would revise and restate functions of the Comptroller General which are either outmoded or more appropriately done by another agency.

As a result of the enactment of the legislation, the General Accounting Office will be better equipped to meet the needs and demands of the Congress. It will be better able to shift its resources from the annual audit of many accounts to the audit of nonappropriated funds. It will be able to employ experts and consultants to design needed program evaluation techniques. Greater flexibility will increase its responsiveness to congressional needs. As a result, the Congress would be in a better position to meet its responsibilities.

#### ESTIMATED COST OF LEGISLATION

The committee expects that additional costs may arise from the enactment of this legislation as a result of the authority given the Comptroller General to employ experts and consultants at a rate not to exceed GS-18. It is impractical for the committee to estimate the exact cost, which would vary with the number of persons employed under such provisions and the period of time for which they were retained; however, since GAO has had such authority in its appropriations acts for the past several years, the increase should be nominal.

No additional costs are anticipated for the next five fiscal years with respect to Titles I (statistical sampling procedures), III (audit of nonappropriated fund activities), VI (audit of government corporations), VII (revision of annual audit requirements) and VIII (limitations of time of claims and demands).

Additional expenditures may result from the enactment of Title II (audit of transportation payments) concerning salary retention provisions and expanded employee benefit programs, and Title V (General Accounting Office Building) concerning leasing authority for the General Services Administration. It is impractical for the committee to estimate the cost of the enactment of these provisions for the next five years.

Estimates submitted by the General Accounting Office indicate that approximately \$322,000 in storage costs would be saved as a result of the reduction in the time for filing demands. The committee cannot estimate additional savings in time, manpower and dollars as

a result of the reduction in the frequency of audits, and the increase in the use of statistical sampling procedures.

### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be changed enclosed in black brackets, new matter in italic, existing law in which no change is proposed to be made in roman) :

ACT OF AUG. 30, 1964

AN ACT To permit the use of statistical sampling procedures in the examination of vouchers.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* [(a) That, whenever the head of any department or agency of the Government or the Commissioners of the District of Columbia determines that economies will result therefrom, such agency head or the Commissioners may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers for amounts of less than \$100; and no certifying or disbursing officer acting in good faith and in conformity with such procedures shall be held liable with respect to any certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure, provided that such officer and his department or agency have diligently pursued collection action to recover the illegal, improper, or incorrect payment in accordance with procedures prescribed by the Comptroller General.]

*(a) Whenever the head of any department or agency of the Government or the Commissioner of the District of Columbia determines that economies will result therefrom, such agency head or the Commissioner may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers not exceeding such amounts as may from time to time be prescribed by the Comptroller General of the United States; and no certifying or disbursing officer acting in good faith and in conformity with such procedures shall be held liable with respect to any certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure: Provided, That such officer and his department or agency have diligently pursued collection action to recover the illegal, improper, or incorrect payment in accordance with procedures prescribed by the Comptroller General. The Comptroller General shall include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of this Act.*

(b) Nothing contained in this Act shall affect the liability, or authorize the relief, of any payee, beneficiary, or recipient of any illegal, improper, or incorrect payment, or relieve any certifying or disbursing officer, the head of any department or agency of the Government, the Commissioners of the District of Columbia, or the Comptroller General of responsibility to pursue collection action against any such payee, beneficiary, or recipient.

## SECTION 322 OF THE TRANSPORTATION ACT OF 1940

## DEDUCTION OF OVERPAYMENTS

SEC. 322. (a) [Subject to such standards as shall be promulgated jointly by the Secretary of the Treasury and the Comptroller General of the United States, payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor, prior to audit or settlement by the General Accounting Office, but the right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder.] *Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor prior to audit by the General Services Administration, or his designee. The right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder. This does not affect the authority of the General Accounting Office to make audits in accordance with the Budget and Accounting Act, 1921 (31 U.S.C. 41), and the Accounting and Auditing Act of 1950 (31 U.S.C. 65). The term "overcharges" shall be deemed to mean charges for transportation services in excess of those applicable thereto under tariffs lawfully on file with the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Maritime Commission, and any State transportation regulatory agency, and charges in excess of those applicable thereto under rates, fares, and charges established pursuant to section 22 of the Interstate Commerce Act, as amended, or other equivalent contract, arrangement, or exemption from regulation: Provided, however, That such deductions shall be made within three years (not including any time of war) from the time of payment of bills: Provided further, That every claim [cognizable by the General Accounting Office] for charges for transportation within the purview of this section shall be forever barred unless such claim shall be [received in the General Accounting Office] received in the General Services Administration, or by his designee within three years (not including any time of war) from the date of (1) accrual of the cause of action thereon, or (2) payment of charges for the transportation involved, or (3) subsequent refund for overpayment of such charges, or (4) deduction made pursuant to this section, whichever is later.*

*(b) Nothing in subsection (a) hereof shall be deemed to prevent any carrier or forwarder from requesting the Comptroller General to review the action on his claim by the General Services Administration or his designee. Such request shall be forever barred unless received in the General Accounting Office within six months (not including any time of war) from the date the action was taken or within the periods of limitation specified in the second proviso in subsection (a) of this section, whichever is later.*

[(b)](c) Pursuant to regulations prescribed by the head of a Government agency or his designee and in conformity with such standards

as shall be promulgated jointly by the Secretary of the Treasury and the Comptroller General of the United States, bills for passenger or freight transportation services to be furnished the United States by any carrier or forwarder may be paid in advance of completion of the services, without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529) : *Provided*, That such carrier or forwarder has issued the usual ticket, receipt, bill of lading, or equivalent document covering the service involved, subject to later recovery by deduction or otherwise of any payments made for any services not received as ordered by the United States.

[(c)](d) The term "head of a Government agency" means any individual or group of individuals having final decisionmaking responsibility for any department, commission, board, service, Government corporation, instrumentality, or other establishment or body in the United States Government.

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## GOVERNMENT CORPORATION CONTROL ACT

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### TITLE I—WHOLLY OWNED GOVERNMENT CORPORATIONS

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SEC. 105. The financial transactions of wholly owned Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided*, That such rules and regulations may provide for the retention at the offices of such corporations, in whole or in part, of any accounts of accountable officers, covering corporate financial transactions, which are required by existing law to be settled and adjusted in the General Accounting Office, and for the settlement and adjustment of such accounts in whole or in part upon the basis of examinations in the course of the audit herein provided, but nothing in this proviso shall be construed as affecting the powers reserved to the Tennessee Valley Authority in the Act of November 21, 1941 (55 Stat. 775). The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this Act. The audit of the Federal Savings and Loan Insurance Corporation shall be conducted on a calendar year basis. *Effective July 1, 1974, each wholly owned Government corporation shall be audited at least once every three years.*

SEC. 106. [A report of each such audit for a fiscal year shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year (and a report of each such audit for a calendar year shall be made by the Comptroller General to the Congress not later than July 15 following the close of such calendar year).] *A report of each audit conducted under section 105 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

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## TITLE II—MIXED-OWNERSHIP GOVERNMENT CORPORATIONS

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Sec. 202. The financial transactions of mixed-ownership Government corporations for any period during which Government capital has been invested therein shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this Act. The audit of the Federal home loan banks shall be conducted on a

calendar year basis. *Effective July 1, 1974, each mixed-ownership Government corporation shall be audited as provided herein at least once in every three years.*

SEC. 203. [A report of each such audit for a fiscal year shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year (and a report of each such audit for a calendar year shall be made by the Comptroller General to the Congress not later than July 15 following the close of such calendar year).] *A report of each audit conducted under section 202 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of, and the use of Government capital by, each such corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

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#### SECTION 17 OF THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 17. (a) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

(b) The financial transactions of the Corporation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or security held by depositaries, fiscal agents, and

custodians. All such books, accounts, records, reports, files, papers, tody of the Corporation. The audit shall begin with financial transac- and property of the Corporation shall remain in possession and cus- tions occurring on and after August 31, 1948. *The Corporation shall be audited at least once in every three years.*

(c) **[A report of the audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year. On or before December 15 following such fiscal year the Comptroller General shall furnish the Corporation a short form report showing the financial position of the Corporation at the close of the fiscal year.]** *A report of each audit conducted under subsection (b) of this section shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit.* The report to the Congress shall set forth the scope of the audit and shall include a statement of assets and liabilities and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the Corporation at the time submitted to the Congress.

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## SECTION 513 OF THE FEDERAL CROP INSURANCE ACT

### ACCOUNTING BY CORPORATION

SEC. 513. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation. **[The financial transactions of the Corporation shall be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress, together with such recommendations as the Comptroller General of the United States may deem advisable: *Provided*, That such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.]**

SECTION 107 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

NATIONAL HOMEOWNERSHIP FOUNDATION

SEC. 107. (a) \* \* \*

\* \* \* \* \*

(g)(1) The financial transactions of the Foundation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Foundation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. The audit shall cover the fiscal year corresponding to that of the United States Government. *Such audit shall be made at least once every three years.*

(2) A report of each such audit shall be made by the Comptroller General to the Congress not later than [January 15] *six and one-half months* following the close of the [fiscal year for which the audit was made] *last year covered by such audit.* The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital, and surplus or deficit; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep the Congress informed of the operations and financial condition of the Foundation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking, observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President and to the Foundation at the time submitted to the Congress.

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SECTION 17 OF THE DISTRICT OF COLUMBIA REDEVELOPMENT ACT OF 1945

ACQUISITION UNDER DISTRICT OF COLUMBIA ALLEY DWELLING ACT

SEC. 17. From and after the termination of the period of one year, beginning with the date of the approval of this Act, all authority granted by the Act known as the District of Columbia Alley Dwelling Act, approved June 12, 1934, as amended, to acquire, by purchase, condemnation, or gift, lands, buildings and structures, or any interest

therein, is hereby transferred to and vested in the Agency created by this Act. During said one-year period said authority may be exercised by the National Capital Housing Authority only for projects that shall have been approved by the Planning Commission and the District Commissioners: *Provided, however,* That failure of the Planning Commission or the District Commissioners to approve or disapprove in writing within sixty days after the submission by the National Capital Housing Authority shall be equivalent to a formal approval. Nothing contained in said Alley Dwelling Act or in this Act shall be interpreted as precluding the inclusion at any time of any alley or inhabited alley or alley dwelling or dwelling or square containing an inhabited alley in a project area to be planned, acquired, and disposed of under the provisions of this Act. Any real property acquired by the Agency under the authority of the Alley Dwelling Act may be transferred or may be sold or leased by the Agency as provided in this Act for real property acquired for a project area redevelopment. The National Capital Housing Authority is hereby declared to be a redevelopment company and is hereby granted the power to purchase or lease redevelopment areas or parts thereof from the Agency in accordance with the provisions of this Act. The National Capital Housing Authority shall keep regular books of account in accordance with standard auditing practices, covering all properties operated by it, showing detailed construction costs, management costs, repairs, maintenance, other operating costs, rents, subsidies, grants, allowances and exemptions; such books shall be subject to [annual] audit by the General Accounting Office; and the annual report of the National Capital Housing Authority shall include a summary of all transactions covered by such books and shall be made available to the public upon request.

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SECTION 109 OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

GENERAL SUPPLY FUND

SEC. 109. (a) \*\*\*

\* \* \* \* \*

[(e) The Comptroller General of the United States shall make an annual audit of the General Supply Fund as of June 30, and there shall be covered into the United States Treasury as miscellaneous receipts any surplus found therein, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund, and the Comptroller General shall report to the Congress annually the results of the audit, together with such recommendations as he may have regarding the status and operations of the fund.]

(e) (1) *As of June 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, all assets, liabilities, and prior losses considered,*

*above the amounts transferred or appropriated to establish and maintain said fund.*

*(2) The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof.*

\* \* \* \* \*

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SECTION 1307 OF THE FEDERAL AVIATION ACT OF 1958

ADMINISTRATIVE POWERS OF SECRETARY

Regulatory and Settlement

SEC. 1307. (a) \*\*\*

\* \* \* \* \*

Budget Program and Accounts

(f) The Secretary, in the performance of, and with respect to, the functions, powers, and duties vested in him by this title, shall prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended (59 Stat. 597; 31 U.S.C. 841). The Secretary shall maintain [an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial transactions as provided by the said Government Corporation Act:] *a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950: Provided, That, because of the business activities authorized by this title, the Secretary may exercise the powers conferred in said title, perform the duties and functions, and make expenditures required in accordance with commercial practice in the aviation insurance business, and the General Accounting Office shall allow credit for such expenditures when shown to be necessary because of the nature of such authorized activities.*

\* \* \* \* \*

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SECTION 6 OF THE ACT OF AUGUST 4, 1950

AN ACT To provide for financing the operations of the Bureau of Engraving and Printing, Treasury Department, and for other purposes

\* \* \* \* \*

SEC. 6. The financial transactions, accounts, and reports of the fund shall be audited on an annual basis by the [General Accounting Office and a copy of each report on audit shall be furnished promptly to the President, the Congress, and the Secretary.] *Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.*

## SECTION 4207 OF TITLE 38, UNITED STATES CODE

## CHAPTER 75—VETERANS' CANTEEN SERVICE

\* \* \* \* \*

**§ 4207. Audit of Accounts**

The Service shall maintain [an integral] a set of accounts which shall be audited [annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by section 841-869 of title 31. No other audit shall be required.] *by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950.*

## SECTION 432 OF THE HIGHER EDUCATION ACT OF 1965

## LEGAL POWERS AND RESPONSIBILITIES

## SEC. 432. (a) \* \* \*

\* \* \* \* \*

(b) The Commissioner shall, with respect to the financial operations arising by reason of this part—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain with respect to insurance under this part [an integral] a set of accounts, which shall be audited [annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act] *by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950*, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.

## SECTION 402 OF THE HOUSING ACT OF 1950

## TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

\* \* \* \* \*

## GENERAL PROVISIONS

SEC. 402. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Secretary notwithstanding the provisions of any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(2) maintain [an integral] a set of accounts which shall be audited [annually by the General Accounting Office] by the *Comptroller General* in accordance with the [principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required] *provisions of the Accounting and Auditing Act of 1950: Provided, That such financial transactions of the [Secretary] Administrator as the making of loans and vouchers approved by the [Secretary] Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.*

\* \* \* \* \*

## SECTION 209 OF THE FEDERAL CREDIT UNION ACT

### ADMINISTRATIVE PROVISIONS

SEC. 209.(a) \* \* \*

\* \* \* \* \*

(b) With respect to the financial operations arising by reason of this title, the Administrator shall—

(1) prepare annually and submit a business-type budget as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain an integral set of accounts, which shall be audited [annually] by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act.

## SECTION 309 OF TITLE 44, UNITED STATES CODE

### § 309. Revolving fund for operation and maintenance of Government Printing Office: capitalization; reimbursements and credits; accounting and budgeting; reports

(a) \* \* \*

\* \* \* \* \*

(c) An adequate system of accounts for the fund shall be maintained on the accrual method, and financial reports prepared on the basis of the accounts. The Public Printer shall prepare and submit an annual business-type budget program for the operations under this fund. [The General Accounting Office shall audit the activities of the Government Printing Office and furnish an audit report annually to the Congress and the Public Printer.] *The Comptroller General shall audit the activities of the Government Printing Office at least once in every three years and shall furnish reports of such audits to the Congress and the Public Printer.* For these purposes the Comptroller General shall have such access to the records, files, personnel, and facilities of the Government Printing Office as he considers necessary.

## SECTION 1 OF THE ACT OF OCTOBER 9, 1940

AN ACT Providing for the barring of claims against the United States

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That every claim or demand (except a claim or demand by any State, Territory, possession or the District of Columbia) against the United States cognizable by the General Accounting Office under section 305 of the Budget and Accounting Act of June 10, 1921 (42 Stat. 24), and the Act of April 10, 1928 (45 Stat. 413), shall be forever barred unless such claim, bearing the signature and address of the claimant or of an authorized agent or attorney, shall be received in said office within [ten full] *six* years after the date such claim first accrued: *Provided*, That when a claim of any person serving in the military or naval forces of the United States accrues in time of war, or when war intervenes within five years after its accrual, such claim may be presented within five years after peace is established.

○

# Ninety-third Congress of the United States of America

## AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,  
one thousand nine hundred and seventy-four*

### An Act

To revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "General Accounting Office Act of 1974".*

#### TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

SEC. 101. Subsection (a) of Public Law 88-521, approved August 30, 1964 (31 U.S.C. 82b-1(a)), is amended to read:

"(a) Whenever the head of any department or agency of the Government or the Commissioner of the District of Columbia determines that economies will result therefrom, such agency head or the Commissioner may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers not exceeding such amounts as may from time to time be prescribed by the Comptroller General of the United States; and no certifying or disbursing officer acting in good faith and in conformity with such procedures shall be held liable with respect to any certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure: *Provided*, That such officer and his department or agency have diligently pursued collection action to recover the illegal, improper, or incorrect payment in accordance with procedures prescribed by the Comptroller General. The Comptroller General shall include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of this Act."

#### TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

SEC. 201. Section 322 of the Transportation Act of 1940, as amended (49 U.S.C. 66), is further amended:

(1) By deleting from subsection (a) the first sentence thereof and substituting therefor the following:

"Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefor prior to audit by the General Services Administration, or his designee. The right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder. This does not affect the authority of the General Accounting Office to make audits in accordance with the Budget and Accounting Act, 1921, as amended (31 U.S.C. 41), and the Accounting and Auditing Act of 1950, as amended (31 U.S.C. 65)."

(2) In the second proviso of subsection (a), by striking out "cognizable by the General Accounting Office" and by striking out "received in the General Accounting Office" and inserting in lieu of the latter "received in the General Services Administration, or by his designee"; and

(3) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting the following new subsection (b):

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“(b) Nothing in subsection (a) hereof shall be deemed to prevent any carrier or forwarder from requesting the Comptroller General to review the action on his claim by the General Services Administration, or his designee. Such request shall be forever barred unless received in the General Accounting Office within six months (not including in time of war) from the date the action was taken or within the periods of limitation specified in the second proviso in subsection (a) of this section, whichever is later.”

SEC. 202. (a) Incident to the transfer of functions pursuant to the amendments made by section 201 of this Act, there shall be transferred to the General Services Administration such records, property, personnel, appropriations, and other funds of the General Accounting Office as the Comptroller General and the Director of the Office of Management and Budget shall jointly determine after consultation with the Administrator of General Services and, with respect to personnel, with the Chairman of the United States Civil Service Commission.

(b) Personnel transferred pursuant to subsection (a) of this section shall not be reduced in classification or compensation for two years after such transfer, except for cause. After such two-year period, each person transferred pursuant to subsection (a) shall be subject to the provisions of section 5337 of title 5, United States Code, as if such person had continued to be an employee of the General Accounting Office.

SEC. 203. (a) The transfer of functions and personnel under this title shall be effective on such date as is mutually determined by the Comptroller General of the United States and the Administrator of General Services, but not earlier than October 1, 1975, and not later than September 30, 1976.

(b) Upon the enactment of this Act the Comptroller General of the United States shall establish and carry out a continuing program of personnel development and improvement applicable to the personnel who will be transferred under this title. Such program shall include provisions for training, career development and counseling services, a review of equal employment opportunity problems and the taking of corrective action, where appropriate, and any restructuring, reclassification, and redesigning of positions necessary to effectuate a full and adequate transfer of the functions as provided for under this title.

(c) At least sixty days prior to the effective date determined under subsection (a), the Administrator of General Services shall establish a detailed plan for the transfer of functions and personnel under this title and shall publish such plan in the Federal Register. Such plan shall be based on a thorough survey of the availability of transportation to any new location for functions and personnel transferred and of the availability of parking facilities and food, health, and other services for personnel transferred, and shall include a detailed description of a personnel development program to be conducted by the Administrator of General Services to assure the establishment and maintenance of procedures which guarantee equal employment opportunities, promotion opportunities, employment and career counseling, and training and career development for personnel who are transferred.

(d) Six months after the date of the transfer of the personnel and functions under this title, the Administrator of the General Services Administration shall make a report to the Congress as to actions which he has taken to implement such plan and the transfer of such personnel and functions thereunder.

TITLE III—AUDIT OF NONAPPROPRIATED FUND  
ACTIVITIES

SEC. 301. (a) The (1) operations and funds (including central funds) of nonappropriated fund and related activities authorized or operated by an executive agency to sell merchandise or services to military or other Government personnel and their dependents, such as the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, Exchange Councils of the National Aeronautics and Space Administration, commissaries, clubs, and theaters, (2) systems of accounting and internal controls of such funds and activities, and (3) any internal or independent audits or reviews of such funds and activities shall, unless otherwise provided by law, be subject to review by the Comptroller General of the United States in accordance with such principles and procedures and under such rules and regulations as he may prescribe. The Comptroller General and his duly authorized representatives shall have access to those books, accounts, records, documents, reports, files, and other papers, things, or property relevant to funds and activities within this subsection as are deemed necessary by the Comptroller General.

(b) When required by the Comptroller General for such nonappropriated fund and related activities with gross receipts from sales of more than \$100,000 a year as he may designate by class, or upon specific request of the Comptroller General in any other case, each executive agency shall furnish promptly a copy of the annual report of any nonappropriated fund or related activity referred to in subsection (a). If such information is not included in any activity's annual report, such agency shall also furnish a statement showing the yearly financial operations, financial condition, and cash flow, and such other annual information relating to the activity as may be agreed upon by the Comptroller General and the head of the executive agency concerned.

TITLE IV—EMPLOYMENT OF EXPERTS AND  
CONSULTANTS

SEC. 401. The Comptroller General may employ experts and consultants in accordance with section 3109 of title 5, United States Code, at rates not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of title 5, United States Code, for persons in the Government service employed intermittently. Ten such experts or consultants may be employed for periods not in excess of three years.

TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

SEC. 501. (a) The Comptroller General of the United States shall be entitled to the use of such space in the General Accounting Office Building as he determines to be necessary, and the head of any Federal agency which exercises authority over such building shall provide the Comptroller General with such space within the building as the Comptroller General determines to be necessary.

(b) Notwithstanding any other provision of law, during the one-year period beginning on the date of enactment of this Act, the Administrator for General Services may contract for the rent of a building in the District of Columbia to the extent necessary to secure an amount of space equal to the amount of space which the Adminis-

trator makes available to the Comptroller General of the United States during such one-year period under the provisions of subsection (a).

## TITLE VI—AUDITS OF GOVERNMENT CORPORATIONS

### AMENDMENTS TO THE GOVERNMENT CORPORATION CONTROL ACT

SEC. 601. (a) Section 105 of the Government Corporation Control Act (31 U.S.C. 850) is amended by adding thereto the following sentence: "Effective July 1, 1974, each wholly owned Government corporation shall be audited at least once in every three years."

(b) The first sentence of section 106 of such Act (31 U.S.C. 851) is amended to read as follows: "A report of each audit conducted under section 105 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

(c) Section 202 of such Act (31 U.S.C. 857) is amended by adding thereto the following sentence: "Effective July 1, 1974, each mixed-ownership Government corporation shall be audited at least once in every three years."

(d) The first sentence of section 203 of such Act (31 U.S.C. 858) is amended to read as follows: "A report of each audit conducted under section 202 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

### AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 602. (a) Section 17(b) of the Federal Deposit Insurance Act (12 U.S.C. 1827(b)) is amended by adding thereto the following sentence: "The Corporation shall be audited at least once in every three years."

(b) The first and second sentences of section 17(c) of such Act (12 U.S.C. 1827(c)) are deleted and the following is inserted in their place: "A report of each audit conducted under subsection (b) of this section shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

### AMENDMENT TO FEDERAL CROP INSURANCE ACT

SEC. 603. Section 513 of the Federal Crop Insurance Act (52 Stat. 76; 7 U.S.C. 1513) is amended to read as follows: "The Corporation shall at all times maintain complete and accurate books of accounts and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation."

### AMENDMENTS TO THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

SEC. 604. Section 107(g) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701y(g)) is amended by:

(1) adding a new sentence at the end of subparagraph (1) thereof as follows: "Such audit shall be made at least once in every three years."

(2) substituting the following sentence in lieu of the first sentence in subparagraph (2) thereof: "A report of each such audit shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

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AMENDMENT TO DISTRICT OF COLUMBIA REDEVELOPMENT ACT OF 1945

SEC. 605. Section 17 of the District of Columbia Redevelopment Act of 1945 (60 Stat. 801) is amended by deleting the word "annual" from the clause "such books shall be subject to annual audit by the General Accounting Office."

TITLE VII—REVISION OF ANNUAL AUDIT  
REQUIREMENTS

AMENDMENT TO FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES  
ACT OF 1949

SEC. 701. Section 109(e) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 756(e)) is amended to read as follows:

"(e) (1) As of June 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund.

"(2) The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof."

AMENDMENT TO THE FEDERAL AVIATION ACT OF 1958

SEC. 702. That part of the second sentence of section 1307(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)) which precedes the proviso is amended to read as follows: "The Secretary shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE BUREAU OF ENGRAVING AND  
PRINTING FUND

SEC. 703. Section 6 of the Act entitled "An Act to provide for financing the operations of the Bureau of Engraving and Printing, Treasury Department, and for other purposes" (31 U.S.C. 181d) is amended to read as follows: "The financial transactions, accounts, and reports of the fund shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE VETERANS' CANTEEN SERVICE

SEC. 704. Section 4207 of title 38, United States Code, is amended to read as follows:

**"§ 4207. Audit of accounts**

"The Service shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE HIGHER EDUCATION INSURED LOAN  
PROGRAM

SEC. 705. (a) Paragraph (2) of section 432(b) of the Higher Education Act of 1965 (20 U.S.C. 1082(b)(2)) is amended to read as follows:

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“(2) maintain with respect to insurance under this part a set of accounts, which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.”

(b) Section 402(a)(2) of the Housing Act of 1950 (64 Stat. 78; 12 U.S.C. 1749a(a)(2)) is amended to read as follows:

“(2) maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950: *Provided*, That such financial transactions of the Administrator as the making of loans and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.”

AMENDMENT TO THE FEDERAL CREDIT UNION ACT

SEC. 706. Section 209(b)(2) of the Federal Credit Union Act as added by section 1 of Public Law 91-468 (12 U.S.C. 1789(b)(2)) is amended by deleting the word “annually” therefrom.

AMENDMENT WITH RESPECT TO AUDIT OF THE GOVERNMENT PRINTING OFFICE

SEC. 707. The third sentence of subsection 309(c) of title 44 of the United States Code is amended to read as follows: “The Comptroller General shall audit the activities of the Government Printing Office at least once in every three years and shall furnish reports of such audits to the Congress and the Public Printer.”

TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMANDS

SEC. 801. Section 1 of the Act of October 9, 1940 (54 Stat. 1061, ch. 788), is amended by deleting the phrase “10 full years” and substituting “6 years” therefor.

SEC. 802. The amendment provided for in section 801 shall go into effect 6 months after the date of enactment and will have no effect on claims received in the General Accounting Office before that time.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

December 24, 1974

Dear Mr. Director:

The following bills were received at the White House on December 24th:

S.J. Res. 40 ✓	S. 3481 ✓	H.R. 8958 ✓	H.R. 14600 ✓
S.J. Res. 133 ✓	S. 3548 ✓	H.R. 8981 ✓	H.R. 14689 ✓
S.J. Res. 262 ✓	S. 3934 ✓	H.R. 9182 ✓	H.R. 14718 ✓
S. 251 ✓	S. 3943 ✓	H.R. 9199 ✓	H.R. 15173 ✓
S. 356 ✓	S. 3976 ✓	H.R. 9588 ✓	H.R. 15223 ✓
S. 521 ✓	S. 4073 ✓	H.R. 9654 ✓	H.R. 15229 ✓
S. 544 ✓	S. 4206 ✓	H.R. 10212 ✓	H.R. 15322 ✓
S. 663 ✓	H.J. Res. 1178 ✓	H.R. 10701 ✓	H.R. 15977 ✓
S. 754 ✓	H.J. Res. 1180 ✓	H.R. 10710 ✓	H.R. 16045 ✓
S. 1017 ✓	H.R. 421 ✓	H.R. 10827 ✓	H.R. 16215 ✓
S. 1083 ✓	H.R. 1715 ✓	H.R. 11144 ✓	H.R. 16596 ✓
S. 1296 ✓	H.R. 1820 ✓	H.R. 11273 ✓	H.R. 16925 ✓
S. 1418 ✓	H.R. 2208 ✓	H.R. 11796 ✓	H.R. 17010 ✓
S. 2149 ✓	H.R. 2933 ✓	H.R. 11802 ✓	H.R. 17045 ✓
S. 2446 ✓	H.R. 3203 ✓	H.R. 11847 ✓	H.R. 17085 ✓
S. 2807 ✓	H.R. 3339 ✓	H.R. 11897 ✓	H.R. 17468 ✓
S. 2854 ✓	H.R. 5264 ✓	H.R. 12044 ✓	H.R. 17558 ✓
S. 2888 ✓	H.R. 5463 ✓	H.R. 12113 ✓	H.R. 17597 ✓
S. 2994 ✓	H.R. 5773 ✓	H.R. 12427 ✓	H.R. 17628 ✓
S. 3022 ✓	H.R. 7599 ✓	H.R. 12884 ✓	H.R. 17655 ✓
S. 3289 ✓	H.R. 7684 ✓	H.R. 13022 ✓	
S. 3358 ✓	H.R. 7767 ✓	H.R. 13296 ✓	
S. 3359 ✓	H.R. 8214 ✓	H.R. 13869 ✓	
S. 3394 ✓	H.R. 8322 ✓	H.R. 14449 ✓	
S. 3433 ✓	H.R. 8591 ✓	H.R. 14461 ✓	

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder  
Chief Executive Clerk

The Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, D. C.