

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548



IN REPLY B-115398.33
REFER TO:

MAR 24 1978

The Honorable Henry M. Jackson
Chairman, Committee on Energy
and Natural Resources
United States Senate

Dear Mr. Chairman:

This will confirm briefings with the Committee staff on the results of our work in response to Senator Hansen's and your request that we review changes in the Energy Research and Development Administration's (ERDA) fiscal year 1977 program. You asked that we determine whether such changes should have been the subject of authorization or appropriations notifications, "section 202" (42 U.S.C. 2262) notifications, or Impoundment Control Act special messages.

We examined funding changes in ERDA's Liquid Metal Fast Breeder Reactor Program, Division of Uranium Resources and Enrichment, Division of Nuclear Research and Applications, and Division of Fuel Cycle Research and Development. With the exception of certain budgetary reserves that should have been reported under the Impoundment Control Act, we found no funding changes that should have been reported, but were not.

An examination of a computer print-out of ERDA's recent financial plans revealed that ERDA had established 15 budgetary "reserves." In an August 29, 1977, meeting, representatives of ERDA, the Office of Management and Budget, and the General Accounting Office discussed each "reserve" and determined that several of the entries were withholdings of budget authority that should have been, but were not, reported as proposed deferrals under the Impoundment Control Act of 1974. The executive branch subsequently reported these impoundments to the Congress. The majority of the entries, however, were not really withholdings of budget authority but represented sums that had been earmarked for automated data processing activities for which the design or requests for proposals were not yet ready. It was agreed that these sums were not impounded. As a result of this discussion and examination of ERDA's financial statements, we believe the agency's officials gained a better appreciation of the requirements of the Impoundment Control Act and were able to institute more prompt and thorough impoundment reporting procedures.

B-115398.33

We also reviewed numerous ERDA financial transactions over a 3 month period to identify shifts in funding among nuclear research and development projects as a result of the Administration's new nuclear policy. We obtained information regarding what notifications of these changes, if any, were provided to the Congress. The documents we reviewed indicated that changes which shifted funds between programs above the applicable nonstatutory minimum amounts for reprogramming were reported to the appropriate committees. Because all of these changes occurred within lump-sum appropriations categories, they violated no general statutory restrictions. Accordingly, we have no legal objections to the funding changes we found.

We trust that the foregoing satisfies your inquiry. A similar letter today is being sent to Senator Hansen.

Sincerely yours,

(Signed) ~~Walter T. Stoen~~

Comptroller General
of the United States