

## DOCUMENT RESUME

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[GAO Role as Watchdog for Official House Allowances and Acceptance of Gifts by Members of Congress and the GAO Position on S.495]. January 14, 1977. 4 pp.

Testimony before Rep. David R. Obey, House of Representatives: Commission on Administrative Review; by Phillip S. Hughes, Assistant Comptroller General.

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GAO maintains a professional staff at the Capitol to audit the various revolving funds and other activities of the House and Senate and the activities of private organizations doing business on the Capitol grounds. The staff also reviews legislative branch activities at the request of Congressional Members. Legislation such as S.495, which would place custodial and administrative responsibilities in the GAO, is inconsistent with GAO's basic responsibilities for monitoring, auditing and evaluating administration. Executive agency heads and Members of Congress should be responsible for the administration of financial disclosure requirements of their agencies and themselves. There are also wide areas of potential conflict of a non financial nature that should be noted. Any disclosure system for either branch should properly balance conflict-of-interest and public disclosure concerns against the rights of individuals to privacy. Achieving the balance will require (a) careful judgments as to which employees should be included, (b) limitation of routine disclosure to those who "need to know," and (c) disclosure requirements structured to preclude their use by criminals. In a report entitled, "Proposals to Strengthen the Foreign Gifts and Decorations Act of 1966," recommendations were made that Congress include reference to the Act in the Congressional Handbook as a reminder and amend the Act to clarify and tighten it to assure adequate disclosure and provide sanctions for noncompliance. Revisions were suggested for State Department regulations and procedures. (Author/SS)

00449

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

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STATEMENT OF  
PHILLIP S. HUGHES  
ASSISTANT COMPTROLLER GENERAL OF THE UNITED STATES  
BEFORE THE  
COMMISSION ON ADMINISTRATIVE REVIEW  
HOUSE OF REPRESENTATIVES

Mr. Chairman and Members of the Commission:

We welcome the opportunity to be of assistance to the Commission by testifying on the General Accounting Office role in auditing and enforcement of regulations pertaining to official House allowances and acceptance of gifts by Members of Congress, and on the GAO position on S.495, as passed by the Senate in the 94th Congress.

Auditing and Enforcement of Regulations  
Pertaining to Official House Allowances

The GAO maintains a professional staff at the Capitol to audit the various revolving funds and other activities of the House and Senate and the activities of private organizations doing business on the Capitol grounds. Our staff also responds to requests from Members or Officials of the Congress for reviews of legislative branch activities. Our role in auditing expenditures in connection with official House allowances paid from the contingent fund of the House involves ascertaining, on a check-test

basis, that vouchers submitted by Members (1) were properly certified and authorized for payment, (2) show that the correct appropriation has been charged, and (3) are properly documented--supported by invoices, receipts, or other evidence of expenses incurred--in accordance with the particular House regulations that apply. We also check the accuracy of the mathematical computations and other data on the vouchers as part of our assistance in the preparation of the semiannual report of the Clerk of the House. In addition, during our annual audits of the House Finance Office, we review the various controls maintained by that Office over individual Members' allowances to see that limitations concerning the use of allowances have been adhered to.

We are precluded, by the provisions of 2 U.S.C. 95, from taking formal exception to payments from these allowances but we call errors we find to the attention of the Finance Office or the Committee on House Administration for corrective action. Generally speaking, we do not go behind the basic records and certifications of Members, either with respect to staff, payroll, or other objects of expenditure.

#### Gifts to Members of Congress

In April 1974, the Senate Committee on Foreign Relations requested GAO to review the administration and operation of the Foreign Gifts and Decorations Act of 1966. On March 26, 1975, GAO issued a report to the Committee entitled, "Proposals to Strengthen the Foreign Gifts and Decorations Act of 1966."

While this report was primarily concerned with the act's impact on the Department of State and the Department's implementation of it, we did

briefly address its effect on Members of Congress, their families, and households. We proposed that the Joint Committee on Congressional Operations consider including reference to the act in the Congressional Handbook to remind Congressmen of their obligations. The Handbook was revised to do this.

We are currently updating the March 1975 report. Preliminary information indicates that our recommendations, both to the Department of State and to the Congress, are still valid.

Briefly, we recommended a series of amendments to the act to clarify and tighten it to assure more adequate disclosure and to provide sanctions for noncompliance. We also suggested a number of revisions in the State Department regulations and procedures along similar lines.

#### Comments on S.495

The GAO neither reported nor testified on S.495. However, the Comptroller General did testify at some length on somewhat similar bills in the House.

The Comptroller General's testimony emphasized two major points:

1. Our strong objection to legislation which would require the GAO to serve as a public repository for financial disclosure reports, or which would charge us with administrative responsibility with respect thereto. We believe that responsibility for administering any system of financial disclosure should rest with the respective Houses of Congress, with the judiciary, and with the executive branch agencies. Placing custodial and administrative responsibilities in the GAO would be inconsistent with our basic responsibilities for monitoring, auditing, and evaluation of administration.

Our concern regarding administration of financial disclosure requirements for Members of Congress is similar to that expressed when the Congress was considering campaign financing. We feel that placing this responsibility in GAO holds in it seeds of friction and distrust which would damage the overall effectiveness of the Office. In any event, executive agency heads should be held responsible and accountable for the administration of systems for their own agencies. They are in a better position to know and make judgments as to the specific financial interests their employees should not have, based on their current responsibilities. It is important to bear in mind that there are also wide areas of potential conflict of a non-financial nature. Family relationships and long friendships or associations or strong prejudice or bias may be more significant in many cases than financial interest.

The GAO could be given specific responsibility for monitoring such systems and could conduct audits selectively on a random or other basis, as necessary. Further, GAO could be charged with disclosing situations in which proper corrective action was not taken.

2. Any disclosure system for either the legislative or executive branches should properly balance conflict-of-interest and public disclosure concerns against the rights of individuals, including Federal employees, to privacy. This is a difficult task, requiring trade-offs between equally meritorious goals. Achieving the balance will require (a) careful judgments as to which employees should be required to disclose resources, (b) limitation of routine disclosure to those with a "need to know", and (c) disclosure requirements structured to preclude their use as a shopping list by criminals.