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The Honorable Henry M. Jackson
Chairman, Committee on Interior
and Insular Affairs
United States Senate

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Dear Mr. Chairman:

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Pursuant to the request of the former Chairman, House Committee on Interior and Insular Affairs, the General Accounting Office made a review and issued a report (B-146742, Feb. 2, 1972) on the activities of the Office of the Government Comptroller for Guam, Department of the Interior.

During our review certain questions arose as to whether the Comptroller for Guam had the authority to (1) issue notices of exception against the accounts of accountable officers and (2) adjudicate claims. At the time our report was issued, these questions were under consideration. We noted that the Comptroller had not been issuing notices of exception in connection with his audits of the accounts of accountable officers, because he questioned whether he had legal authority to do so. Also, he had not been making recommendations to the Governor regarding the adjudication of claims by or against the Government of Guam.

The Acting Comptroller of the Virgin Islands told us that he had been issuing notices of exception in connection with his audits and that he had been reviewing claims of the Virgin Islands Government against others and making recommendations to the Governor regarding the adjudication of such claims.

The Guam Elective Governor Act (Public Law 90-497, Sept. 11, 1968) amended the Organic Act of Guam by adding section 9-A (48 U.S.C. 1422d) which provides, in part, as follows:

"(b) The government comptroller shall audit all accounts and review and recommend adjudication of claims pertaining to the revenue and receipts of the government

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of Guam and of funds derived from bond issues; and he shall audit, in accordance with law and administrative regulations, all expenditures of funds and property pertaining to the government of Guam including those pertaining to trust funds held by the government of Guam.

"(c) It shall be the duty of the government comptroller to bring to the attention of the Secretary of the Interior and the Governor of Guam all failures to collect amounts due the government, and expenditures of funds or uses of property which are irregular or not pursuant to law. The audit activities of the government comptroller shall be directed so as to (1) improve the efficiency and economy of programs of the government of Guam, and (2) discharge the responsibility incumbent upon the Congress to insure that the substantial Federal revenues which are covered into the treasury of the government of Guam are properly accounted for and audited."

The Virgin Islands Elective Governor Act (Public Law 90-496, August 23, 1968) amended subsections 17(b) and (c) (48 U.S.C. 1599) of the Revised Organic Act of the Virgin Islands. The language in these subsections is identical to subsections 9-A(b) and (c) of the Organic Act of Guam, as amended (48 U.S.C. 1422d), except that "the Virgin Islands" is substituted for "Guam."

In our opinion, subsections (b) and (c) of each of the statutory provisions cited above confer upon the respective comptrollers the authority to take actions necessary to effectively perform the audit and reporting functions specifically assigned to them, including authority to review and recommend adjudication of claims by or against the respective territorial governments and to make determinations and take exceptions with respect to failures to collect amounts due the territorial governments and with respect to the propriety of expenditures of territorial funds. However, the same provisions limit the authority of the comptrollers to bringing such matters to the attention of the Secretary of the Interior and the respective territorial governors and to recommending adjustments of claims.

Although we believe that the comptrollers may take audit exceptions, it appears that such actions are advisory only and do not of themselves constitute "settlements" or "adjudications" until they are approved by appropriate territorial government authorities. Therefore, the

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Government Comptrollers for Guam and the Virgin Islands perform an advisory oversight function.

The procedure of taking exceptions to particular transactions may properly be employed as a means of crystalizing audit findings and developing reports and recommendations regarding such findings. Thus, such exceptions serve as a means of initiating a process of actual settlement or adjudication by appropriate territorial government authorities.

C2 The information in this report is also being sent to the Chairman, House Committee on Interior and Insular Affairs, and to the Secretary of the Interior.

Sincerely yours,



Comptroller General
of the United States