



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

18777

B-200951

July 2, 1981

The Honorable Pete V. Domenici
Chairman, Committee on the Budget
United States Senate

Dear Mr. Domenici:

The proposed amendment to Section 108 of the National Consumer Cooperative Bank Act, as stated in S.1377, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

S.1197 was passed by the Senate on June 3, 1981, and includes the statement: ". . . the Bank may pay out of such amounts its operating expenses in an amount each year not to exceed that amount determined by the Comptroller General of the United States to be necessary for that year, but the total amount of such expenses shall not exceed the cost which would have been incurred if the Bank were terminated during fiscal year 1981 and its functions transferred to the Secretary of the Treasury." S.1377 proposes the same amendment. This would require the Comptroller General to establish budgetary amounts that are generally the province of the Administration.

The Comptroller General's participation in executive decisions as proposed in this amendment would create a conflict of duties because of GAO's responsibilities to review and evaluate the Bank's policies and programs and, under the Government Corporation Control Act (31 U.S.C. 857), to audit the Bank's financial statements.

We have consistently opposed legislation giving us executive authority or related functions because of our responsibility to evaluate how those functions are carried out. We are concerned that if this amendment is enacted as proposed, future GAO work concerning the National Consumer Cooperative Bank might not be regarded as independent and objective, despite our effort to ensure independence and objectivity. The resulting loss in our credibility would leave the Congress without an objective source of reviews, audits, and evaluations on which it could rely. If the proposed amendment is retained when S.1377 comes to conference, we believe that the Congress would be better served if the amendment were

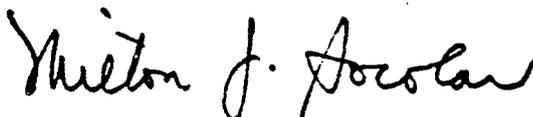
[Proposed Amendment to National Consumer Cooperative Bank Act]

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changed to require the executive branch to determine the amounts in question instead of the Comptroller General.

We would be pleased to work with your office in developing alternative proposals or providing further elaboration on these points. Also, I am sending copies of this letter to the ranking minority member of your committee and similar letters to the Chairman and ranking minority member of the House Budget Committee.

Sincerely yours,

A handwritten signature in cursive script that reads "Milton J. Fowler".

Acting Comptroller General
of the United States



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

18778

B-200951

July 2, 1981

The Honorable Harrison A. Williams, Jr.
Committee on Banking, Housing and Urban
Affairs
United States Senate

Dear Mr. Williams:

The proposed amendment to Section 108 of the National Consumer Cooperative Bank Act, as stated in Section 317 of S.1197, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

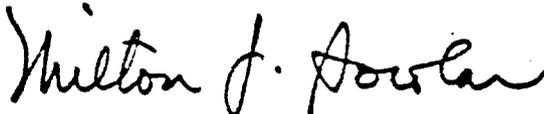
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The Comptroller General's participation in executive decisions as proposed in this amendment would create a conflict of duties because of GAO's responsibilities to review and evaluate the Bank's policies and programs and, under the Government Corporation Control Act (31 U.S.C. 857), to audit the Bank's financial statements.

We have consistently opposed legislation giving us executive authority or related functions because of our responsibility to evaluate how those functions are carried out. We are concerned that if this amendment is enacted as proposed, future GAO work concerning the National Consumer Cooperative Bank might not be regarded as independent and objective, despite our efforts to ensure independence and objectivity. The resulting loss in our credibility would leave the Congress without an objective source of reviews, audits, and evaluations on which it could rely. If Section 317 is retained when S.1197 comes to conference, we believe that the Congress would be better served if the amendment were changed to require the executive branch to determine the amounts in question instead of the Comptroller General.

We would be pleased to work with your office in developing alternative proposals or providing further elaboration on these points. Also, I am sending copies of this letter to the Chairman of your committee and Senator D'Amato, and similar letters to the Chairman and ranking minority member of the House Banking, Finance, and Urban Affairs Committee.

Sincerely yours,

A handwritten signature in cursive script that reads "Milton J. Fowler". The signature is written in dark ink and is positioned above the typed name.

Acting Comptroller General
of the United States



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

18779

B-200951

July 2, 1981

The Honorable James R. Jones
Chairman, Committee on the Budget
House of Representatives

Dear Mr. Jones:

The proposed amendment to Section 108 of the National Consumer Cooperative Bank Act, as stated in S.1377, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

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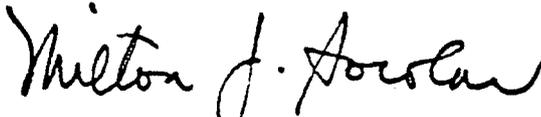
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We have consistently opposed legislation giving us executive authority or related functions because of our responsibility to evaluate how those functions are carried out. We are concerned that if this amendment is enacted as proposed, future GAO work concerning the National Consumer Cooperative Bank might not be regarded as independent and objective, despite our effort to ensure independence and objectivity. The resulting loss in our credibility would leave the Congress without an objective source of reviews, audits, and evaluations on which it could rely. If the proposed amendment is retained when S.1377 comes before your committee, we believe that the Congress would be better served if the amendment

were changed to require the executive branch to determine the amounts in question instead of the Comptroller General.

We would be pleased to work with your office in developing alternative proposals or providing further elaboration on these points. Also, I am sending copies of this letter to the ranking minority member of your committee and similar letters to the Chairman and ranking minority member of the Senate Budget Committee.

Sincerely yours,

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Acting Comptroller General
of the United States



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

18780

B-200951

July 2, 1981

The Honorable Fernand J. St Germain
Chairman, Committee on Banking, Finance,
and Urban Affairs
House of Representatives

Dear Mr. St Germain:

The proposed amendment to Section 108 of the National Consumer Cooperative Bank Act, as stated in Section 317 of S.1197, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

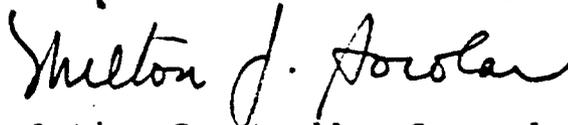
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The Comptroller General's participation in executive decisions as proposed in this amendment would create a conflict of duties because of GAO's responsibilities to review and evaluate the Bank's policies and programs and, under the Government Corporation Control Act (31 U.S.C. 857), to audit the Bank's financial statements.

We have consistently opposed legislation giving us executive authority or related functions because of our responsibility to evaluate how those functions are carried out. We are concerned that if this amendment is enacted as proposed, future GAO work concerning the National Consumer Cooperative Bank might not be regarded as independent and objective, despite our efforts to ensure independence and objectivity. The resulting loss in our credibility would leave the Congress without an objective source of reviews, audits, and evaluations on which it could rely. If Section 317 is retained when S.1197 comes before your committee, we believe that the Congress would be better served if the amendment were changed to require the executive branch to determine the amounts in question instead of the Comptroller General.

We would be pleased to work with your office in developing alternative proposals or providing further elaboration on these points. Also, I am sending a copy of this letter to the ranking minority member of your committee, and similar letters to the Chairman, ranking minority member, and Senator D'Amato of the Senate Banking, Housing and Urban Affairs Committee.

Sincerely yours,

A handwritten signature in cursive script that reads "Milton J. Fowler". The signature is written in dark ink and is positioned above the typed name.

Acting Comptroller General
of the United States



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

18781

B-200951

July 2, 1981

The Honorable J. William Stanton
Committee on Banking, Finance, and Urban
Affairs
House of Representatives

Dear Mr. Stanton:

The proposed amendment to Section 108 of the National Consumer Corporative Bank Act, as stated in Section 317 of S.1197, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

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The Comptroller General's participation in executive decisions as proposed in this amendment would create a conflict of duties because of GAO's responsibilities to review and evaluate the Bank's policies and programs and, under the Government Corporation Control Act (31 U.S.C. 857), to audit the Bank's financial statements.

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Sincerely yours,

Milton J. Arosler

Acting Comptroller General
of the United States



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

18782

B-200951

July 2, 1981

The Honorable Jake Garn, Chairman
Committee on Banking, Housing and
Urban Affairs
United States Senate

Dear Mr. Garn:

The proposed amendment to Section 108 of the National Consumer Cooperative Bank Act, as stated in Section 317 of S.1197, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

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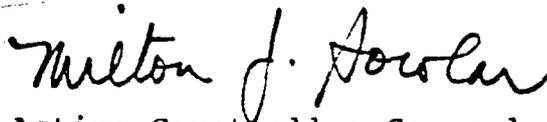
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Sincerely yours,

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Acting Comptroller General
of the United States



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

18783

B-200951

July 2, 1981

The Honorable Ernest F. Hollings
Ranking Minority Member
Committee on the Budget
United States Senate

Dear Mr. Hollings:

The proposed amendment to Section 108 of the National Consumer Cooperative Bank Act, as stated in S.1377, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

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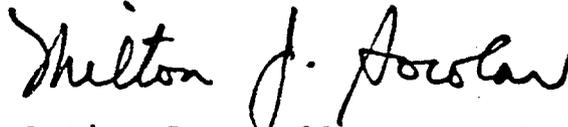
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Sincerely yours,

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Acting Comptroller General
of the United States



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

18784

B-200951

July 2, 1981

The Honorable Alfonse M. D'Amato
Committee on Banking, Housing and Urban
Affairs
United States Senate

Dear Mr. D'Amato:

The proposed amendment to Section 108 of the National Consumer Cooperative Bank Act, as stated in Section 317 of S.1197, to allow the National Consumer Cooperative Bank (Bank) to spend funds equivalent to the cost of terminating operations, contains language that would require the General Accounting Office (GAO) to perform functions that are incompatible with its independent auditor status. We believe these functions would be better performed by the executive branch.

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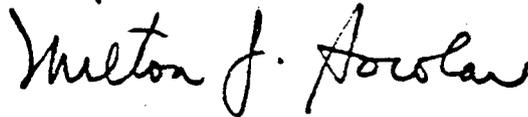
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