



B-219091.2

November 5, 1985

The Honorable Jack Brooks
Chairman, Committee on
Government Operations
House of Representatives

Dear Mr. Chairman:

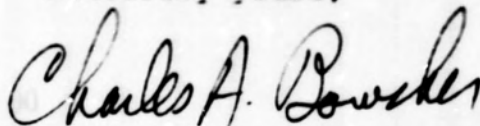
We are pleased to provide our comments on H.R. 2518, a bill to discontinue or amend certain requirements for agency reports to the Congress. Title I of this bill would eliminate approximately 180 reporting requirements mandated by the Congress and congressional committees, and Title II would modify 50 others.

As you know, reduction of unnecessary and duplicative reports is an important area of concern to us. The Congressional Budget Act of 1974 made the Comptroller General responsible for monitoring the various reporting requirements of the Congress and its committees. On July 29, 1982, we testified before your committee on H.R. 6005. That bill was signed into law as the Congressional Reports Elimination Act of 1982 (Public Law 97-375) and eliminated or modified executive agency requirements for reports to the Congress and committees. Like this 1982 act, the essential design of H.R. 2518 is to eliminate unnecessary reporting requirements and thereby promote cost savings and reduction of paperwork burdens.

We support the intent of H.R. 2518 and have recommended elimination of some of these reports in the past. However, certain provisions of the bill may limit necessary congressional oversight for certain programs as well as the Congress' ability to determine if these programs are operating within the law. For example, sections 105 and 115 would eliminate requirements for important financial information on special trust funds and statements of liabilities to be sent to the Treasury and the Congress. Likewise, section 202 would modify requirements for information on pension plans and other financial commitments of the United States. The enclosure to this letter contains additional information on these and several other reporting requirements whose repeal or modification, in our opinion, could deprive the Congress of data which may be useful in the exercise of its oversight responsibilities.

We endorse the concept of eliminating unnecessary reporting requirements set forth by H.R. 251A and urge its passage after consideration of the enclosed information and after review of individual reporting requirements by appropriate committees.

Sincerely yours,

Handwritten signature of Charles A. Bowsher in cursive script.

Comptroller General
of the United States

Enclosure

REPORTING REQUIREMENTS COVERED IN H.R. 2518TITLE I - ELIMINATIONS

Title I would repeal the following reporting requirements which may affect oversight of certain programs.

Section 102(b) amends 31 U.S.C. 3524 to eliminate the provision requiring the Office of Management and Budget to submit a report listing the accounts that may contain expenditures made without vouchers. This report is the only central list of all unvouchered expenditures. Statutory authority for unvouchered expenditures is scattered among many laws. Therefore, without this list, it would be very difficult for GAO to make the determinations required by 31 U.S.C. 3524 as to whether the budget authority existed for any particular unvouchered expenditure.

Section 105(d) repeals section 207(a) of the act of September 7, 1962, (10 U.S. 2208(i)), which requires the Secretary of Defense to report annually on the financial condition and operation of Defense Department working capital funds. Deleting this requirement would hinder the Congress' ability to exercise its oversight responsibility for funds containing large amounts of money. Without this report, the Congress would be unable to monitor the activity within these funds to determine if they are operating effectively and in accordance with the law.

Section 108(n) would eliminate the report on the achievement of national health goals required of the Secretary of Health and Human Services by section 1795 of the Public Health Service Act (42 U.S.C. 300U-4). Tracking the achievement of these goals is of major interest to the Senate Committee on Labor and Human Resources, as indicated in meetings with GAO as recently as April 1985 and documented in Senate Report 98-393, dated April 1984. The Public Health Service of the Department of Health and Human Services has already consolidated this report and seven other reports into one comprehensive report on the Public Health Service. Elimination of this requirement may result in the Public Health Service no longer tracking the achievement of national health goals.

Section 110(j)(2) would eliminate subsection 9 of section 8(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(9)). Subsection 9 requires the Secretary of Energy, in consultation with the Secretary of the Interior, to annually report to the Congress (1) the alternative bidding systems used during the year, (2) the schedule of sales for the next year and the bidding systems to be used, (3) the benefits and costs of conducting sales using the alternative systems, (4) reasons why a particular system was not used, and, if applicable, (5) the

reason why more than 50 percent or less than 50 percent of the area offered or to be offered for lease used the cash bonus bid with at least one-eighth royalty.

Since the Department of Energy has no remaining Outer Continental Shelf-related responsibilities, except for the annual reporting requirement on the use of the various bidding systems, the Department of the Interior is in the best position to determine the effectiveness of the alternative bidding systems. This is especially so since Interior has the expertise and responsibility for implementing the alternative systems. This report is useful because it is the primary source of information on the Outer Continental Shelf leasing program. If this report is eliminated, information needed by congressional oversight committees reviewing this issue would not be available.

To make the transfer of offshore responsibilities from Energy to Interior complete, we believe that Energy's reporting requirement should be repealed and that this information be presented in Interior's annual report required by section 15(2). In our report Congress Should Extend Mandate to Experiment With Alternative Bidding Systems for Leasing Offshore Lands (GAO/RCED-83-139, May 27, 1983), we recommended that Interior's annual report to the Congress, rather than Energy's report, be the primary vehicle for providing information on the use and effectiveness of the alternative systems. This can be accomplished by deleting section 8(a)(9) of the Outer Continental Shelf Lands Act, as amended, and amending section 15(2) (43 U.S.C. 1343(2)) as recommended in the above-mentioned report.

Section 110(1) would repeal the requirement that the Secretary of the Interior submit an annual report to the Congress on the implementation of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1752). This act resulted from congressional interest involving oil and gas royalty accounting problems. The Congress stated in the act that the accounting system for oil and gas royalties from lease of federal and Indian lands was inadequate. Over a period of about 5 years, GAO issued several reports and provided testimony on oil and gas royalty management. The most recent report, Interior Should Solve Its Royalty Accounting Problems Before Implementing New Accounting System (GAO/APMD-83-43, January 27, 1983), concluded that the royalty accounting system was inadequate. In a December 1984 report, developed largely with assistance of GAO staff, the House Committee on Interior and Insular Affairs reported problems in collecting, recording, and distributing oil and gas royalties. We believe that most of these problems are of such scope and magnitude that their correction--necessary for effective implementation of the act--will require major long-term effort. For this reason, we believe an annual report on the implementation of this act could provide valuable information to the Congress.

Section 114(b) would repeal the part of section 114 of the Surface Transportation Assistance Act of 1978 (23 U.S.C. 144(i)) requiring the Secretary of Transportation to report annually on the highway replacement and rehabilitation program. This report contains useful data on the condition of the 553,000 bridges and the 3.9 million miles of roads in the country as well as the estimated costs of preserving them. We plan to use data contained in this report to perform our audit work in fiscal year 1986, and it can be used by the Congress as it periodically considers reauthorization of the bridge replacement and rehabilitation program.

Sections 115(a), (e), (g), (h), (j), and (k) would eliminate six Treasury financial reporting requirements on trust funds. For example, section 115(a) deletes the requirement that the Secretary of the Treasury report to the Congress annually on the financial condition and results of operations of the reforestation trust fund during the preceding year and on the expected condition and operations during the next fiscal year. In addition, section 115(i) deletes the requirement that the Secretary of the Treasury report annually to the Congress on the statement of liabilities and other financial commitments of the United States. The bill also proposes deleting annual financial statements from certain federal entities that the Treasury provides to the Congress. We believe that deleting all of these requirements would reduce agencies' accountability for and the Congress' visibility of important financial issues. Deletion would also relax oversight and administrative controls over these federal entities.

Section 116(b) would repeal section 634(a)(2)(B) of the Foreign Assistance Act of 1961 (22 U.S.C. 2394(a)(2)(B)), which requires an annual report of all foreign assistance by category and country provided by the U.S. government since 1945. The report provides the dollar value of foreign assistance for the use of committees primarily concerned with foreign aid. The report identifies the amount and type of aid provided to each country or through a major program for a specific year or cumulatively. Thus, an overall perspective regarding the magnitude of U.S. foreign assistance may be obtained from the report. The report's data have been used by the Congressional Research Service, and us, and are widely distributed to libraries and research centers. We also used the report in responding to Senator David L. Boren's request for historical information on the amount and type of foreign aid provided by country. Based on responses from the committees involved in foreign affairs, they have found the report to be a convenient and helpful source of information.

TITLE II - MODIFICATIONS

We noted that Title II would modify the following reporting requirements and could reduce accountability for financial matters and programs.

Section 202(b) would amend 31 U.S.C. 1106 to eliminate the presidential budget's supplemental summary of estimated future expenditures for multiyear programs and estimated expenditures of balances carried over from the fiscal year for which the budget is submitted. Under current congressional budgetary practices, budget decisions are made with a multiyear perspective. This information is useful in making decisions related to multiyear programs and carryover balances. The information is reported in the budget's supplemental information and is not readily available elsewhere.

Section 202(c)(1) would amend 31 U.S.C. 9503 (a)(1) and 9503a (1)(B) (Public Law 97-258) to require the Executive Office of the President to submit federal pension plan reports every 5 years. Current law requires that federal pension plan reports be submitted annually. The Budget and Accounting Procedures Act of 1950 requires GAO to set accounting standards for the federal government. GAO set forth its standards in the GAO Policy and Procedures Manual for Guidance of Federal Agencies (title 2 - Accounting Principles and Standards), which requires annual disclosure of financial information in accordance with generally accepted accounting principles. This amendment would cause pension plan information to be reported inconsistently with these principles. In addition, the amendment could limit the Congress' ability to detect unfunded liabilities.

Section 202(d) amends the first paragraph of section 1013(a) of Title X of the Congressional Budget and Impoundment Control Act of 1974, which requires the President, the Director of the Office of Management and Budget, or the head of any government agency who proposes to defer obligations for a specific purpose or project to transmit a message concerning the deferral to the Congress. The proposed amendment to section 1013(a) would permit executive branch officials to delay obligations without sending a deferral message to the Congress if the delay is a "temporary management action." Given the likelihood of varying interpretations of what constitutes a "temporary management action," the inclusion of the new wording could create confusion and uncertainty over what actions should be reported as deferrals. Any such confusion and uncertainty would lessen congressional controls over spending levels and priorities.

Section 202(e) amends section 1014(e)(1) of Title X of the Congressional Budget and Impoundment Control Act of 1974 to change the submission of the President's cumulative report of proposed impoundments (rescissions and deferrals of budget authority) from monthly to quarterly. Under the Congressional Budget and Impoundment Control Act, GAO has the responsibility for monitoring the proposed impoundments of the executive branch. GAO must determine whether funds proposed for rescissions or deferrals are made available if required by the Congress. For example, this entails ascertaining whether

...and all approved ... available by the executive branch within 45 days of the date of the rescission proposal. This GAO monitoring function would be significantly more difficult and burdensome if GAO has available for its use a quarterly rather than a monthly Office of Management and Budget report.

Section 207(i) would repeal the requirement in section 1875(b) of the Social Security Act (42 U.S.C. 139511(b)) that the Health Care Financing Administration (HCFA) annually report on the results of its validation of the Joint Commission on the Accreditation of Hospitals' (JCAH) accreditation reviews of hospitals. While we agree that annual reports or annual reviews of the JCAH's accreditation process may not be necessary, we are concerned that repeal of this language would remove the only requirement that HCFA conduct validation reviews. The validation process protects the 50 million Medicare and Medicaid beneficiaries in that a sample of the JCAH reviews are checked for adequacy by HCFA each year. While elimination of this requirement would not prevent HCFA from making a determination of the adequacy of JCAH validation reviews, HCFA would no longer be required to make these essential reviews.

Section 211(b)(1) and (2) amends section 4(c) of the International Investment Survey Act of 1976 (22 U.S.C. 3103(c); 90 Stat. 2061) to reduce the frequency of conducting surveys on foreign investments in the United States from once every 5 years to once every 10 years. This section also deletes requirements for reporting annually to the Congress on United States investments abroad. Since this is a primary source for this type of information, we believe this amendment would reduce accountability. In our opinion, receiving reports on United States investments abroad on a 10-year basis would affect congressional oversight responsibility because the Congress would not have current information on United States firms doing business abroad. GAO also uses this information to conduct its work in the area of trade.