



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

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The Honorable John M. Murphy, Chairman  
Committee on Merchant Marine and Fisheries  
House of Representatives

Dear Mr. Chairman:

Pursuant to your request of August 16, 1977, we offer the following comments on H.R. 8903, 95th Congress.

H.R. 8903 would authorize the establishment of a fishermen's gear compensation fund to provide compensation for damages to fishing gear and resulting economic loss to commercial fishermen due to Outer Continental Shelf (OCS) oil and gas exploration, development, and production. Provisions in H.R. 1614 and S. 9, legislation to amend the Outer Continental Shelf Lands Act, would also establish a fishermen contingency fund to compensate for damages to commercial fishing vessels and gear and resulting losses due to OCS oil and gas exploration, development, and production. S. 9 passed the Senate and H.R. 1614 has been voted out by committee and is awaiting House action. If this legislation continues to proceed and is enacted, the purpose of H.R. 8903 would be eliminated.

S. 9 would establish the fund within the Department of Commerce while H.R. 8903 and H.R. 1614 would place the fund within the Department of the Interior. The Department of the Interior has responsibility for managing the oil and gas exploration and development on the OCS while Commerce has responsibility for fishing. Since fishing falls within the realm of Commerce and the fund is designed to aid fishermen incurring damages, we feel that Commerce would be the most appropriate location for managing the fund.

Section 3(a) would establish the fund for any leasing area. The term leasing area could be interpreted differently, such as a leasing structure or the area covered by a lease sale. This term needs to be defined.

Section 3(d) would limit the fund for each leasing area at a level not to exceed \$100,000. We believe that consideration should be given to requiring that fees be levied without regard to a fixed maximum balance in the fund, thus permitting the accumulation of a reserve for

future liability payments. This would reduce or eliminate the need for borrowing from the Treasury to meet obligations, as authorized by section 3(e).

Section 4(a)(3) would authorize the Secretary of the Interior to "establish regulations for all materials, equipment, tools, containers, pipelines, and other items used on the Outer Continental Shelf to be properly stamped or labeled, whenever practicable, with the owner's identification prior to actual use." This provision duplicates and/or conflicts with the responsibilities of the Office of Pipeline Safety, Department of Transportation. This Office has the responsibility for establishing and enforcing standards necessary to insure safe construction and operation of offshore pipelines used to transport hazardous materials, such as natural gas, petroleum, and petroleum products to shore facilities.

We noted that the bill does not contain provisions which would authorize (1) the Secretary of the Interior to prescribe the records to be maintained by persons claiming compensation from the fund and (2) the Secretary and our Office to have access to such records. In the absence of such provisions, we might have difficulty in carrying out our audit responsibilities. We therefore recommend that H.R. 8903 be amended by adding language substantially as follows:

"(a) Each recipient of compensation from a revolving fund established pursuant to section 3 of this act shall keep such records as the Secretary of the Interior shall prescribe, including records which fully disclose the actual costs and consequential damages involved in his or her claim, and such other records as will facilitate an effective audit.

"(b) The Secretary of the Interior and the Comptroller General of the United States, or any of their duly authorized representatives, shall, until the expiration of 3 years after receipt of the compensation referred to in subsection (a) of this section, have access for the purpose of audit and examination to any books, papers, and records of such recipients which in the opinion of the Secretary of the Interior or the Comptroller General may be related or pertinent to the claims for compensation referred to in subsection (a)."

We also noted that the bill does not specifically provide for an evaluation of the program by the Secretary of the Interior. It is our view that program evaluation is a fundamental part of program administration and that the responsibility for evaluations should rest initially upon the responsible agencies. In line with this concept, we believe the Congress should attempt to specify the kinds of

information and tests which will enable it to better assess how well programs are working and whether alternative approaches may offer greater promise. We will be happy to work with the Committee in developing specific language if you wish.

Sincerely yours,

  
Deputy Comptroller General  
of the United States