

**REPORT ON
AUDIT OF EXPENDITURES
OF
THE ADVISORY COMMISSION
ON
INTERGOVERNMENTAL RELATIONS
SEPTEMBER 28, 1959, THROUGH JUNE 30, 1960**



UNITED STATES GENERAL ACCOUNTING OFFICE

JULY 1961

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON 25, D. C.

CIVIL ACCOUNTING AND
AUDITING DIVISION

JUL 26 1961

B-133380

Honorable Frank Bane
Chairman, Advisory Commission on
Intergovernmental Relations

Dear Mr. Bane:

Herewith is our report on the audit of the expenditures of the Advisory Commission on Intergovernmental Relations from its inception in September 1959 through June 30, 1960.

Our audit, which was completed in May 1961, indicates that the Commission properly accounted for the funds under its control. Further, the audit disclosed no significant deficiencies in the manner in which the General Services Administration is keeping the accounting records of the Commission.

Copies of this report are being sent today to the Administrator of General Services.

Sincerely yours,

A. T. Samuelson

Director, Civil Accounting
and Auditing Division

Enclosure

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SEPTEMBER 28, 1959, THROUGH JUNE 30, 1960

The General Accounting Office has made its first audit of the expenditures of the ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). Our audit included an examination of financial transactions and related procedures from the inception of the Commission in September 1959 through June 30, 1960, to the extent we deemed appropriate. The audit was made in Washington, D.C., and was completed in May 1961.

GENERAL COMMENTS

The Advisory Commission on Intergovernmental Relations was created by the act of September 24, 1959 (5 U.S.C. 2371), as a permanent bipartisan agency in the executive branch of the Federal Government. Its purpose is to promote cooperation and coordination among Federal, State and local Governments to the fullest extent possible. The Commission brings representatives of these levels of Government together for the discussion and consideration of existing or potential problems which are likely to require intergovernmental cooperation and to make recommendations commensurate with the responsibilities of the several levels of Government.

MANAGEMENT

The enabling act provides that the Commission be composed of 26 members: 3 officers of the executive branch of the Federal Government, 3 private citizens, 3 members of the United States Senate, 3 members of the United States House of Representatives, 4 Governors, 4 Mayors, 3 elected county officers, and 3 State legislators.

Members of the Commission are limited to a 2-year term of office but are eligible for reappointment.

In April 1961, the membership of the Commission was as follows:

Executive branch, Federal Government:

Douglas Dillon, New York,
Secretary of the Treasury
Arthur J. Goldberg, Illinois,
Secretary of Labor
Abraham Ribicoff, Connecticut,
Secretary of Health, Education, and Welfare

Private citizens:

Frank Bane, District of Columbia, Chairman
James K. Pollock, Michigan, Vice Chairman
John E. Burton, New York

Members from United States Senate:

Karl E. Mundt, South Dakota
Sam J. Ervin, Jr., North Carolina
Edmund S. Muskie, Maine

Members from United States House of Representatives:

L. H. Fountain, North Carolina
Florence P. Dwyer, New Jersey
Frank Ikard, Texas

Governors:

Ernest F. Hollings, South Carolina
Robert E. Smylie, Idaho
John Anderson, Jr., Kansas
Michael V. DiSalle, Ohio

Mayors:

Anthony Celebrezze, Cleveland, Ohio
Norris Poulson, Los Angeles, California
Gordon S. Clinton, Seattle, Washington
Don Hummel, Tucson, Arizona

Elected county officers:

Edward Connor, Wayne County, Michigan
Clair Donnerwirth, Plumas County, California
Edwin Michaelian, Westchester County, New York

Members from State legislative bodies:

Senator Hal Bridenbaugh, Nebraska
Senator (Mrs.) Leslie Cutler, Massachusetts
Vacancy

William G. Colman, formerly Executive Assistant to the Director of the National Science Foundation, is the Executive Director of the Commission. His selection was approved by the Commission in February 1960.

OPERATING ACTIVITIES

The Commission, which held its first meeting for organizational purposes on December 14, 1959, was temporarily located during fiscal year 1960 at 1809 G Street, N.W., Washington, D.C. Permanent headquarters were then established at 722 Jackson Place, N.W., Washington, D.C.

The Commission established its first year's program of work in May 1960. The selection of topics for study was based on (1) the relative importance of the problems and the degree to which they exist throughout most levels of Government, (2) the manageability of the problems in terms of time, money, and talent available to study them, and (3) the possibility of a practical solution of the problems.

Specific topics included in the Commission's initial work program and the May 1961 status of each follow:

1. Coordination of State and Federal inheritance and estate taxes--study completed and report issued.
2. Investment of idle cash balances by State and local units of government--study completed and report issued.
3. Periodic congressional reassessment of Federal grants-in-aid to State and local governments--study completed; a draft report will be presented at next meeting of Commission.
4. Possible modification in categorical grants-in-aid for public health services--study completed and report issued.
5. Intergovernmental relations and responsibilities with respect to mass transportation facilities and services in metropolitan areas--study completed and report adopted for issuance.
6. State constitutional and statutory restrictions upon local units of government--study in progress.

7. Structure and potential improvement of the real property tax--study in planning stage.
8. Cooperative tax administration--study in progress.
9. Development of improved measures of fiscal capacity and tax effort of State and local units of government--study planned.

Annual reports required by the act establishing the Commission were submitted to the President and to the Congress on January 31, 1960, and January 31, 1961, respectively. In general, these reports commented on the purpose of the Commission, its general areas of responsibility, and its work program.

FINANCING

Immediately after the creation of the Commission, the Congress appropriated \$50,000 to enable the Commission to operate. As shown in schedule 2, the expenditures of the Commission through June 30, 1960, were \$41,807. For fiscal year 1961, \$115,000 was appropriated to the Commission.

The accounting records of the Commission are kept on an accrual basis by the Office of Comptroller, General Services Administration (GSA), within the framework of GSA's over-all system of accounting. This arrangement, which is on a reimbursable basis, was made in January 1960 between the Chairman of the Commission and the Administrator of General Services. For its services in fiscal year 1960, GSA charged the Commission \$3,000.

OPINION OF FINANCIAL STATEMENTS

The financial statements included in this report (schedules 1 and 2) were prepared by GSA from its accounting records.

Although our audit disclosed no serious deficiencies in the accounts upon which these statements are based, we did note that:

1. Furniture and equipment loaned by GSA to the Commission were not under accounting control as required by GSA Manual GS 3-2, section 103.10. The amount involved was not readily ascertainable.
2. Accountability for office furniture and equipment in the amount of \$2,458 was recorded in the accounts but not in the individual property records supporting the accounts.

We discussed these matters with GSA officials who subsequently advised us that corrective action had been taken.

In our opinion, except as stated above, the accompanying financial statements (schedules 1 and 2) present fairly the assets and liabilities of the Advisory Commission on Intergovernmental Relations at June 30, 1960, and expenditures for the period September 28, 1959, through June 30, 1960, in conformity with the principles and standards of accounting prescribed by the Comptroller General of the United States.

FINANCIAL STATEMENTS

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

STATEMENT OF EXPENDITURES

SEPTEMBER 28, 1959, THROUGH JUNE 30, 1960

Salaries	\$16,070
Travel	8,570
Services performed by GSA	3,000
Furniture repair	1,185
Employer's share of retirement, FICA taxes, and group insurance	898
Supplies	779
Telephone and telegraph	710
Postage	587
Printing	533
Miscellaneous	<u>154</u>
Total expenses	32,486
Office furniture and equipment	<u>9,321</u>
Total expenditures (schedule 1)	<u>\$41,807</u>

The opinion of the General Accounting Office on this statement appears on page 7.