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

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-CED1-183

June 10, 1981

The Honorable John D. Dingell
Chairman, Committee on Energy
and Commerce
House of Representatives

Dear Mr. Chairman:

[Comments on] The proposed Conrail Private Sector Ownership Act of 1981 (H.R. 3559), which we understand is being considered by your committee, provides in section 202(a) that the Comptroller General would be a member of the United States Railway Association's Board of Directors. The two other board members would be the Secretary of Transportation and a chairman selected by the outgoing chairman and the other board members. As a member of this Board of Directors, the Comptroller General would participate in a wide range of executive decisions directly affecting Government transportation policies and program expenditures. Under the bill, the Association would, as in the past, monitor Conrail's activities and performance and disburse Federal funds to Conrail. It would also make various determinations on Conrail's compliance with the bill's requirements. Noncompliance could result in Federal funds for Conrail being terminated.

The Comptroller General's participation in executive decisions as an Association board member could create a conflict of interest or the appearance of a conflict of interest because of the General Accounting Office's responsibilities to review and evaluate both Conrail's and the Association's policies and activities. We have been quite active in this area in the past, having issued 15 reports concerning Conrail activities and 6 on Association activities (see enclosure). Under the Government Corporation Control Act (31 U.S.C. 850), we are required to audit Association financial statements.

We have consistently opposed legislation giving the Comptroller General executive authority over programs he audits on behalf of the Congress. The conflict inherent in acting under both an executive and audit capacity as to the same issues and transactions is obvious and hardly needs elaboration. Irrespective of our utmost care the Congress will have effectively lost the ability to obtain fully objective audit and review information from the General Accounting Office on certain transportation matters should the bill remain unchanged. We therefore, strongly

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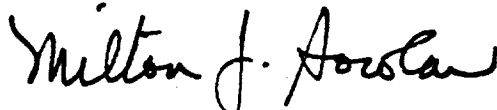
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urge that the Comptroller General be stricken from the bill as a member of the Association's Board of Directors.

We would be pleased to work with your office in developing alternative proposals for the Association's Board of Directors and for monitoring Conrail's activities and performance. Please contact us if we can be of assistance.

Sincerely yours,

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

Acting Comptroller General
of the United States

Enclosure

GENERAL ACCOUNTING OFFICE REPORTS
CONCERNING ACTIVITIES OF THE
CONSOLIDATED RAIL CORPORATION AND THE
UNITED STATES RAILWAY ASSOCIATION

CONSOLIDATED RAIL CORPORATION

- "Conrail's Attempts To Improve its Use of Freight Cars" (CED-78-23, Jan. 24, 1978).
- "Conrail's Profitability: Framework for Analysis" (PAD-78-52, Apr. 10, 1978).
- "Commuter Railroad Safety Activities on Conrail's Lines in New York Should Be Improved" (CED-78-80, Mar. 15, 1978).
- "Information on Questions About Conrail's Service in the Scranton, Pennsylvania, Area" (CED-78-82, Apr. 4, 1978).
- "How Long Does It Take Conrail To Process Protected Employees' Claims Under the 1973 Regional Rail Reorganization Act?" (CED-78-138, July 31, 1978).
- "Conrail Faces Continuing Problems" (CED-78-174, Oct. 6, 1978).
- "Information on Alleged Conrail Mismanagement of Contracting and Track Rehabilitation in Its Toledo and Ft. Wayne Divisions" (CED-79-41, Feb. 23, 1979).
- "Information on Questions About Conrail's Track Abandonment Program" (CED-79-45, Apr. 2, 1979).
- "Northeastern Energy and Transportation Problems: A Regional Perspective" (PAD-79-12, Aug. 27, 1979).
- "Employee Protection Provisions of the Rail Act Need Change" (CED-80-16, Dec. 5, 1979).
- "Conrail's 5-Year Plan for Abandoning or Discontinuing Service Over Its Rail Lines" (CED-80-51, Jan. 15, 1980).
- "Conrail's Reduced Capital Program Could Jeopardize the Northeast Rail Freight System" (CED-80-56, Mar. 10, 1980).
- "Conrail's Attempts To control Labor Costs and Improve its Labor Productivity" (CED-80-61, June 20, 1980).
- "Amtrak's Productivity on Track Rehabilitation Is Lower Than Other Railroads'--Precise Comparison Not Feasible" (CED-81-60, Mar. 13, 1981).

"Congressional Action Is Needed To Resolve the Northeast Corridor Cost-Sharing Dispute" (CED-81-97, Apr. 30, 1981).

UNITED STATES RAILWAY ASSOCIATION

"Improvements Needed in Procurement and Financial Disclosure Activities of the U.S. Railway Association" (RED-76-41, Nov. 5, 1975).

"Examination of The United States Railway Association's Financial Statements and Other Matters Concerning Its Operations" (CED-77-64, July 8, 1977).

"U.S. Railway Association's Subsidy for Its Executive Dining Room and Its Award of Two Contracts" (CED-78-2, Nov. 7, 1977).

"Is the Administrative Flexibility Originally Provided To the U.S. Railway Association Still Needed?" (CED-78-19, Feb. 22, 1981).

"Information on U.S. Railway Association Contracts With Law Firms" (CED-79-78, Apr. 19, 1979).

"Examination of United States Railway Association's Financial Statements, Fiscal Year 1979" (CED-80-107, July 31, 1980).