

Compilation Of Statutory Restrictions  
On GAO Audit Authority And Responsibility

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COMPILATION OF STATUTORY RESTRICTIONS  
ON GAO AUDIT AUTHORITY AND RESPONSIBILITY

This compilation, which is a revision of the compilation issued in September 1961, sets forth the principal restrictions contained in law on the authority and responsibility of the Comptroller General to make audits of the activities and financial transactions of Federal Government agencies.

It has been assembled by the Accounting and Auditing Policy Staff based primarily on information prepared by the Civil and Defense Accounting and Auditing Divisions, and the International Operations Division. It has been reviewed by the Office of the General Counsel.

Part I consists of a listing, with brief explanations, of Federal agencies and programs with respect to which statutory restrictions on GAO audit authority and responsibility exist.

Part II consists of a statement on GAO audit authority with respect to international organizations and programs in which the United States is a participant together with a list of the principal multilateral international organizations and programs in which the United States is a member.

  
E. H. Morse, Jr.  
Director, Accounting and  
Auditing Policy Staff

April 6, 1966

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PART I

FEDERAL AGENCIES AND PROGRAMS

EXECUTIVE BRANCH

EXECUTIVE OFFICE OF THE PRESIDENT

Expenses of the President and the White House Office

Expense allowance of the President

The President receives an expense allowance of \$50,000 a year to assist in defraying expenses relating to or resulting from the discharge of his official duties. No accounting for this allowance, other than for income tax purposes, shall be made by him. (3 U.S.C. 102.)

The White House Office

The Executive Office Appropriation Acts which provide funds for expenses necessary for the White House Office include appropriations for expenses of newspapers, periodicals, teletype news service, and travel and official entertainment expenses of the President, to be accounted for solely on his certificate.

Appropriations for expenses necessary to provide staff assistance for the President in connection with special projects are to be expended in his discretion and without regard to such provisions of law regarding the expenditure of Government funds or the compensation and employment of persons in the Government service as he may specify. (79 Stat. 202.)

### Traveling expenses of the President

There may be expended for or on account of the traveling expenses of the President of the United States, such sum as Congress may from time to time appropriate, not exceeding \$40,000 per annum, such sum when appropriated to be expended in the discretion of the President and accounted for on his certificate solely. (3 U.S.C. 103.)

Our audit of these three types of payments is limited to ascertaining, on a test-check basis, whether the vouchers indicate that the payments are for the purposes authorized, are certified by duly authorized persons, and show the correct appropriations chargeable.

### Central Intelligence Agency

The Central Intelligence Agency is under the direction of the National Security Council, which was established by the National Security Act of 1947, Public Law 253, 80th Congress (61 Stat. 495). Public Law 110, 81st Congress, referred to as "Central Intelligence Agency Act of 1949" (63 Stat. 208) as amended by section 21 (b)(2) of Public Law 85-507 (72 Stat. 337), provides for the administration of the Central Intelligence Agency.

Section 5(a) (50 U.S.C. 403f(a)), of the Central Intelligence Agency Act authorizes the Agency to transfer to and receive from other Government agencies such funds as may be approved by the Bureau of the Budget and sums transferred to the agency in accordance with this paragraph may be expended for the purposes and under the authority of this act without regard to limitations of appropriations from which transferred.

Broad authority is vested in the Director of CIA with regard to the expenditure of funds. Section 8(b) (50 U.S.C. 403j(b)), of the act provides that:

"The sums made available to the Agency may be expended without regard to the

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provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified."

In addition to the source of funds provided under authority of the Central Intelligence Agency Act, moneys for the purpose of construction were made available directly to CIA by Public Laws 219 and 814, 84th Congress. These funds are to be accounted for in the same manner as appropriations by the Congress to other Government agencies.

Following the enactment of the Central Intelligence Agency Act of 1949, the then Director of the Agency requested that, notwithstanding the very broad and unusual powers granted to the Central Intelligence Agency by the act, an audit of expenditures at the site, as previously performed by the General Accounting Office, be continued. Accordingly, the General Accounting Office continued to make audits of vouchered expenditures, under the same arrangements that were in effect with the predecessor Central Intelligence Group. Arrangements for General Accounting Office site audit of these expenditures were made by letters dated August 28, 1965, and June 29, 1951. However, in view of the provisions of section 8 of the Central Intelligence Agency Act, and the lack of access for any substantive review of agency policies and of its practices and procedures, an audit of voucher expenditures is not now being made.

## DEPARTMENT OF AGRICULTURE

### Milk market order operations

The Agricultural Adjustment Act of 1933, amended August 24, 1935 (7 U.S.C. 608d) imposes restrictions on the

disclosure of information with respect to milk market order operations, and prescribes penalties for any officer or employee who violates the restrictions. This restriction unequivocally prohibits the disclosure of any information acquired pursuant to such section except by permission of the Secretary of Agriculture, and then only in a suit or administrative hearing brought at his direction or request. The General Accounting Office does not have the jurisdiction or the authority to determine that information needed in an audit may be released to us without subjecting the officers or employees of the Department of Agriculture to the penalties prescribed in the statute.

Our reviews of these operations accordingly do not include an examination of milk handlers' records.

## DEPARTMENT OF COMMERCE

### Federal-aid highway program

Under this program the Federal Government, through the Bureau of Public Roads, shares the cost of building roads with the States. Costs so shared vary from 50 percent to 90 percent, with the actual work being done by the States.

In view of the large amounts of Federal funds authorized for these programs, the General Accounting Office, in connection with its audit of the Bureau of Public Roads, is interested in examining the programs, particularly at the State highway department level. The Office, however, does not have the authority to examine the records of the States or of the contractors employed by the States. It can require the Bureau of Public Roads to obtain from the States any supporting documents regarding program costs.

Arrangements have been made with the Bureau of Public Roads for GAO staff to go to the State highway departments for the purpose of making examinations. The

Division Engineer of the Bureau introduces our representatives at the State highway departments upon the inception of an assignment but thereafter generally does not accompany them except on occasions when our representatives or the Bureau Division Office considers it desirable.

## DEPARTMENT OF DEFENSE

### Emergency or extraordinary expenses

Appropriation acts for the military establishment generally include funds for emergency or extraordinary expenses to be expended on the approval or authority of the several Secretaries. The appropriation act provisions relating to such expenditures generally preclude a full and complete audit. For example, Public Law 88-446, making appropriations for the Department of Defense for the fiscal year 1965 includes the following:

1. Operation and Maintenance, Defense Agencies  
\*\*\* "not to exceed \$1,573,000 for emergency and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense for such purposes as he deems appropriate, and his determination thereon shall be final and conclusive upon the accounting officers of the Government;"

2. Contingencies, Defense "For emergencies and extraordinary expenses arising in the Department of Defense, to be expended on the approval or authority of the Secretary of Defense and such expenses may be accounted for solely on his certificate that the expenditures were necessary for confidential military purposes; \$15,000,000: Provided, That a report of disbursements under this item of appropriation shall be made quarterly to the Appropriations Committees of the Congress;"

3. Operation and Maintenance, Army "not to exceed \$4,156,000 for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his

certificate of necessity for confidential military purposes, and his determination shall be final and conclusive upon the accounting officers of the Government."

The Secretary of the Navy may provide, within the limits of appropriations made for the purpose, for any emergency or any extraordinary expense that arises in the Department of the Navy and that cannot be anticipated or classified. When it is so provided in such an appropriation the funds may be spent on approval or authority of the Secretary for any purpose he determines to be proper, and such a determination is final and conclusive upon the accounting officers of the United States. The Secretary may certify the amount of any such expenditure that he considers advisable not to specify, and his certificate, is a sufficient voucher for that amount. The Secretary may delegate this authority. (10 U.S.C. 7202.)

In the light of the above restrictions, our audit is confined to examining selected vouchers for these emergency and extraordinary payments to see that they are certified as covering expenditures that are final and conclusive so far as the General Accounting Office is concerned, and that they are otherwise in accordance with whatever information appears on or is attached to the vouchers.

#### Disposal of surplus property

The Department of Defense and other executive agencies of the Government are authorized to dispose of surplus property under their control to States, Territories, Possessions, and certain others for specified purposes. In the absence of appropriate reservations on the part of the Government, it appears that the General Accounting Office is not authorized to audit the affairs of these donees to determine whether or not the surplus property received by them has been used so as to comply with the intent of the law.

A full and complete audit of these programs would require examination of the records of the donees. In some

cases, as in our review of the surplus property program of the Department of Health, Education, and Welfare, the Office has examined such donee records by arrangements made with the donees with the assistance of the donating agency. Lacking such arrangements, or authority granted by specific terms in the donation contracts, it may be necessary to recommend insertion of appropriate provisions in future donation contracts.

#### Offshore procurement

Contracts entered into by the Department of Defense with foreign governments or agencies under the Foreign Assistance Act of 1961, as amended, have been exempted by Executive Order No. 11223 of May 12, 1965, from the application of the examination of records requirements of the Armed Services Procurement Act (10 U.S.C. 2313(b)).

### DEPARTMENT OF THE ARMY

#### United States Soldiers' Home

The United States Soldiers' Home is not subject to our audit. While the Soldiers' Home was required by section 20 of the Permanent Appropriation Repeal Act, 1934 (48 Stat. 1233), as interpreted by this Office, to render accounts to the General Accounting Office, such accounting was discontinued pursuant to the proviso in the appropriation for maintenance and operation of the United States Soldiers' Home contained in the War Department Civil Appropriation Act, 1938 (50 Stat. 519). The legislative history of this proviso reveals a clear intent that the home not be audited by the General Accounting Office.

#### Kermit Roosevelt Fund

The Kermit Roosevelt Fund, a trusteeship of non-appropriated funds, is administered by a board of trustees in the Department of the Army. Sole discretion is vested in the board as to administration, control and expenditure of the fund, and its application to the purposes intended

and the exercise of such discretion and authority and its decisions thereon, including any payments made or authorized to be made from the fund, are not subject to review except by the Secretary of the Army. (5 U.S.C. 228.)

No audit is made of expenditures from this fund in view of the provisions of the law.

## DEPARTMENT OF THE NAVY

### Obtaining information

31 U.S.C. 108 provides that expenditures by the Department of the Navy from appropriations for obtaining information from abroad and at home shall be accounted for specifically, if, in the judgment of the Secretary of the Navy, they may be made public, and he shall make a certificate of the amount of such expenditures as he may think it advisable not to specify, and every such certificate shall be deemed a sufficient voucher for the sum therein expressed to have been expended.

Our audit of such expenditures is limited to determining whether the vouchers are appropriately certified.

## DEPARTMENT OF THE AIR FORCE

### Civil Air Patrol

The Civil Air Patrol is a volunteer civilian Auxiliary of the Air Force. To assist the CAP in the fulfillment of its objectives as set forth in 36 U.S.C. 202, the Secretary of the Air Force, with the approval of the Secretary of Defense, may give, lend, or sell certain specified property to the CAP, etc. (10 U.S.C. 9441). It appears that an audit of CAP activities by GAO would be precluded in the absence of appropriate reservations on the part of the Government. (cf. 14 Comp. Gen. 916.)



DEPARTMENT OF HEALTH,  
EDUCATION, AND WELFARE

Grants-in-aid programs

Several programs supervised by the Department of Health, Education, and Welfare involve Federal grants to the States. See the general discussion of our audit authority on grant programs (p. 31). With the cooperation of the Department, satisfactory arrangements have been made to carry out audit work in school districts and State organizations.

It has been our policy in commenting on bills which establish programs authorizing grants to nonprofit educational institutions and other nonprofit organizations receiving grants for research to indicate the need, when appropriate, for a provision in the bill to authorize the Comptroller General access to records of grant recipients for purposes of audit and examination. Section 11(b) of Public Law 88-206, December 17, 1963, the Clean Air Act (42 U.S.C. 1857j), and section 393 of Public Law 87-447, May 1, 1962, Amendment to the Communications Act of 1934 (47 U.S.C. 393), are examples wherein pursuant to our suggestion such authority has been given to the Comptroller General.

DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT

Slum clearance and urban renewal program

There is no provision in the statutes specifically authorizing the General Accounting Office to make audits of costs incurred by the donors of non-cash grants-in-aid under this program. We have, however, been able to make arrangements to review the records of such donors through the cooperation of the donors and the Department of Housing and Urban Development.

## DEPARTMENT OF THE INTERIOR

### U.S. Fish and Wildlife Service

Under the Federal Aid in Wildlife Restoration Act, as amended (16 U.S.C. 669), and the Federal Aid in Fish Restoration Act, as amended (16 U.S.C. 777), the Federal Government, through the Bureau of Sport Fisheries and Wildlife, Department of the Interior, shares the cost of fish and wildlife restoration projects with the States. The cost to the Federal Government under each of these acts is limited to 75 percent of the actual work done by the States.

The General Accounting Office does not have specific legal authority to examine the records of the States or of the contractors employed by the States. However, we can require the Bureau of Sport Fisheries and Wildlife to obtain from the States any documents that are necessary to support the disbursement of Government funds.

Since the Federal-aid program accounts for approximately 50 percent of all expenditures made by the Bureau of Sport Fisheries and Wildlife, the General Accounting Office, in connection with its audit of the Bureau, is interested in examining program costs at the State level. During our reviews of the Bureau's activities, arrangements have been made for our auditors, accompanied by Bureau representatives, to review program costs in State offices.

### Office of Territories

#### Government of American Samoa

Funds for expenses of the Governor's office and for support of the Government of American Samoa are provided by direct appropriations. The amounts appropriated for expenses of the Governor's office are considered Federal funds for which the General Accounting Office has the authority to audit. However, the amounts

appropriated for support of the Government are considered grant-in-aid funds for which we have no audit authority.

Through arrangements made with the Department of the Interior, we have made reviews of the activities of the Government of American Samoa in connection with our audits of the funds appropriated for expenses of the Governor's office.

#### Government of the Virgin Islands

Appropriated funds are made available for the expenses and salaries of the Governor of the Virgin Islands and members of his staff; compensation and mileage of members of the insular legislature; and the salaries of the Government Comptroller and members of his staff. There is also transferred and paid over to the Virgin Islands by the United States Treasury, from internal revenue collections on articles produced in the Virgin Islands and imported into the United States, a sum equal to the total amount of the local revenue collected by the Government of the Virgin Islands during the fiscal year, as certified by the Government Comptroller of the Virgin Islands but limited to the total internal revenue collected less one percent.

We review the activities and reports of the Office of the Government Comptroller of the Virgin Islands as required by law (48 U.S.C. 1632). Although we do not have legislative authority to audit the Government of the Virgin Islands (see B-130632-O.M., March 18, 1957), we nevertheless perform a limited review of the Government's operations in connection with our examinations into the accuracy and validity of the Government Comptroller's reports.

## DEPARTMENT OF JUSTICE

### Federal Bureau of Investigation

Appropriations for salaries and expenses for the FBI may include amounts to meet unforeseen emergencies of a confidential character, to be expended under the direction of the Attorney General, and to be accounted for solely on his certificate. The Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1966 (Public Law 89-164, approved September 2, 1965, 79 Stat. 620), for example, included an appropriation of not to exceed \$70,000 for this purpose.

### Immigration and Naturalization Service

Appropriations for salaries and expenses for this service may include amounts to meet unforeseen emergencies of a confidential character, to be expended under the direction of the Attorney General and accounted for solely on his certificate. The appropriation for the fiscal year ended June 30, 1966 (cited above), for example, included \$50,000 for this purpose.

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Our audit of expenditures in the foregoing two categories in which restrictions exist consists of ascertaining, on a test-check basis, whether the vouchers indicate that the payments are for the purposes authorized, are certified by duly authorized persons, and show that the correct appropriations are being charged.

### Office of Alien Property

The Office of Alien Property, in the Department of Justice, is under the jurisdiction of the Attorney General. Necessary expenses incurred in carrying out the powers and duties conferred upon the Attorney General pursuant to the Trading with the Enemy Act of October 6, 1917, as amended (50 U.S.C., App. 6), are authorized to

be paid out of any funds or other property or interest vested in him pursuant to that act. Annual reports to the Congress as to the expenses incurred and the activities carried on by this agency are required by statute.

In view of the fact that activities of this agency are carried on with nonappropriated funds together with the reporting requirements mentioned above, it has been considered that the Office of Alien Property is exempt from any duty to account to the General Accounting Office with respect to its fiscal transactions.

In a Comptroller General's decision dated May 28, 1951, A-9073, the Director, Office of Alien Property, was advised that the Office of Alien Property was not subject to audit by this Office. There have been no legislative changes which would alter the conclusion reached in this decision.

#### DEPARTMENT OF LABOR

##### Bureau of Employees' Compensation

Our audit authority in the program administered by this agency is limited by the provision that, in the absence of fraud or mistake in mathematical calculation, the finding of facts in, and the decision of the Secretary of Labor upon the merits of, any claim presented under or authorized by the statute, if supported by competent evidence, shall not be subject to review by any other administrative or accounting officer, employee, or agent of the United States. (5 U.S.C. 787.)

The language of 5 U.S.C. 787, providing that the Secretary's findings and decisions relating to compensation claims "shall not be subject to review," relates to the finality of such determinations. The limitation does not deny us access to the Bureau's files and claim records, nor does it prevent us from reporting on matters which, in our opinion, warrant disclosure.

## Bureau of Employment Security

The Bureau makes Federal grants to States for expenses involved in administering State employment security programs. See the general discussion of our audit authority on grant programs (p. 31). With the cooperation of the Department, satisfactory arrangements have been made to carry out audit work in State employment security organizations. We have tentatively agreed that representatives from the State central offices would be allowed to accompany us on visits to local offices, if the arrangement does not cause undue delay in our audits. However, State central office employees have not generally accompanied us to local offices.

The appropriation acts of 1964, 1965, and 1966 provide that funds appropriated to the Department of Labor for grants to States for the expenses of administering employment security operations but which remain unobligated by the States at June 30, shall be returned to the account from which derived in the United States Treasury. We expect that this added provision will be continued and believe that it strengthens our right of audit of administrative expenditures incurred by the State unemployment security agencies.

## DEPARTMENT OF STATE

### Administration of foreign affairs

Appropriations are made for emergencies in the diplomatic and consular service to defray expenses necessary to enable the Secretary of State to meet such unforeseen emergencies. These appropriations are to be expended pursuant to the requirement of Section 291 of the Revised Statutes (31 U.S.C. 107).

Section 291 provides "Whenever any sum of money has been or shall be issued, from the Treasury, for the purpose of intercourse or treaty with foreign nations, in

pursuance of any law, the President is authorized to cause the same to be duly settled annually with the General Accounting Office, by causing the same to be accounted for, specifically, if the expenditure may, in his judgment, be made public; and by making or causing the Secretary of State to make a certificate of the amount of such expenditure, as he may think it advisable not to specify; and every such certificate shall be deemed a sufficient voucher for the sum therein expressed to have been expended."

Payments from this appropriation are made on a special voucher form known as Certificate of Expenditure. These documents are included in the accounts of the Department of State submitted for audit and settlement. Our audit is restricted to comparing the amounts on the Certificates of Expenditure with those on the Statement of Transactions and ascertaining whether the individual certifying the payments has been properly authorized to certify.

#### Agency for International Development

##### Offshore procurement

The Agency for International Development has responsibility for administering the functions of the nonmilitary foreign assistance program and for supervision and general direction of all assistance programs under the Foreign Assistance Act of 1961 and the acts making appropriations thereunder.

Contracts entered into by AID with foreign governments or agencies under the Foreign Assistance Act of 1961, as amended, have been exempted by Executive Order No. 11223 of May 12, 1965, from the application of the examination of records requirements of section 304(c) of the Federal Property and Administrative Services Act (41 U.S.C. 254(c)).

### President's special authority

The Foreign Assistance Act of 1961, as amended (22 U.S.C. 2364(c)) provides that: "The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts."

### Expenses of a confidential nature

Section 636(a) (8) of the Foreign Assistance Act of 1961 provides for expenditures not to exceed \$50,000 in any fiscal year of a confidential character other than entertainment. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Administrator, AID and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

A similar provision in section 624(7) (A) of the Act provides that the Inspector General, Foreign Assistance, may make expenditures not in excess of \$2,000 of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews.

### Peace Corps

#### Payment of expenses

Section 15(d) (7) of the Peace Corps Act of 1961, as amended, (22 U.S.C. 2514, (d)-(7)) provides that funds shall be available for:

"Expenditures (not to exceed \$5,000 in any fiscal year except as may be otherwise provided in an appropriation or other Act) not otherwise authorized by law to meet unforeseen emergencies



or contingencies arising in the Peace Corps: Provided, That a certificate of the amount only of each such expenditure and that such expenditure was necessary to meet an unforeseen emergency or contingency, made by the Director of the Peace Corps or his designee, shall be deemed a sufficient voucher for the amount therein specified."

Our audit involving these expenditures would be restricted to comparing the amounts on the certificates of expenditures on the vouchers with those on the Statement of Transactions and ascertaining whether the individual certifying the voucher has been properly authorized to certify.

#### Foreign Claims Settlement Commission

With respect to claims adjudicated and paid by this agency under the International Claims Settlement Act of 1949, as amended, and the War Claims Act of 1948, the following statutory provision is applicable:

"The action of the Commission in allowing or denying any claim under this Act shall be final and conclusive on all questions of law and fact and not subject to review by any other official of the United States or by any court by mandamus or otherwise, and the Comptroller General is authorized and directed to allow credit in the accounts of any certifying or disbursing officer for payments in accordance with such action."

In view of these restrictions, our examinations of claims adjudicated and paid by the Commission under the acts cited above are limited to ascertaining whether significant computing, typographical, and other clerical errors have been made.

## DEPARTMENT OF THE TREASURY

### Comptroller of the Currency

The Comptroller of the Currency is the chief officer in the bureau established within the Treasury Department charged with the execution of all laws relating to the issue and regulation of a national currency secured by United States bonds, and, under the general supervision of the Board of Governors of the Federal Reserve System, of all Federal Reserve notes. The Comptroller of the Currency performs his duties under the general directions of the Secretary of the Treasury. (12 U.S.C. 1.) His most important duties relate to the organization, operation, and liquidation of national banks.

The expenses of the Office of the Comptroller of the Currency--aside from his annual salary as fixed by law--are paid from assessments levied against member banks and affiliates of the Federal Reserve System. With respect to funds derived from such assessments, it specifically is provided (12 U.S.C. 481) that they shall not be construed to be Government funds or appropriated moneys--language identical to that used to describe the funds obtained by assessment upon Federal Reserve banks to defray the expenses of the Board of Governors of the Federal Reserve System. For the same reasons which are set forth under the Federal Reserve System (p. 20), the General Accounting Office lacks authority to audit the operations of this agency.

### United States Exchange Stabilization Fund

Under section 10 of the Gold Reserve Act of 1934 (48 Stat. 337; 341, as amended; 31 U.S.C. 822a), there were appropriated funds to be deposited with the Treasurer of the United States in a stabilization fund for the purpose of stabilizing the exchange value of the dollar. It is further provided in that section, as now amended, that "An annual audit of such fund shall be made and a report thereof submitted to the President and to the Congress."

The legislative history of the 1934 statute discloses that the Congress gave thorough consideration to the matter of the audit of such fund and indicated that, in recognition of the purposes for which the fund was designed, and in order that every precaution should be taken to maintain absolute secrecy, an annual audit should be restricted to the Secretary of the Treasury. Accordingly, it appears that an audit of the stabilization fund by the General Accounting Office is neither authorized nor required under existing legislation.

#### Internal Revenue Service

There are no restrictions on the authority of the General Accounting Office to audit the administrative expenditures of this agency.

However, the nature and full effectiveness of our audit of tax collection matters is dependent upon access to tax returns and related information with respect to which restrictions exist. Under existing law, the General Accounting Office does not have access to individual income tax returns except when permission for examination is granted under 26 U.S.C. 6103(a). Similarly, except with permission under section 6103(a), the General Accounting Office does not have access to taxpayer information of such a nature that it would fall within the categories of information precluded from disclosure by 26 U.S.C. 7213(a)(1).

#### INDEPENDENT AGENCIES

##### Atomic Energy Commission

Appropriation acts for this agency may provide that specified amounts may be expended for objects of a confidential nature and that in any such case the certificate of the Commission as to the amount of the expenditure and that it is deemed inadvisable to specify the nature thereof shall be deemed a sufficient voucher for the sum therein expressed to have been expended. The Public

Works Appropriation Act, 1965 (Public Law 88-511; 78 Stat. 691), for example, contains such an authorization for \$100,000.

### Civil Service Commission

#### Civil Service Retirement Program

The Civil Service Retirement Act provides that questions of dependency and disability shall be determined by the Commission and that its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. (5 U.S.C. 2266c.)

While the above provision precludes our issuance of formal exceptions on questions of dependency and disability, it does not prevent us from obtaining and examining the files and records of the Commission, nor does it prevent us from reporting on matters which, in our opinion, warrant disclosure.

### Farm Credit Administration

#### Federal Land Banks

The 12 Federal Land Banks have been exempt from audit by the General Accounting Office since June 30, 1947, because no Government capital has been invested in them since that date.

### Federal Reserve System

The Board of Governors of the Federal Reserve System is authorized by law (12 U.S.C. 243), to levy assessments against Federal Reserve banks to pay the expenses of the Board. The Board is authorized to determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. Further, it specifically is provided (12 U.S.C. 244), that funds derived from the assessments against Federal Reserve banks to defray the expenses of the Board "shall

not be construed to be Government funds or appropriated moneys."

In view of the broad authority conferred upon the Board to determine and prescribe the manner of incurring obligations and to pay its expenses and the fact that funds used to defray the expenses of the Board are not Government funds or appropriated moneys, together with the rule, as set out in 12 U.S.C. 484, that no bank is subject to any visitatorial powers other than authorized by law, or vested in the courts, or as shall be exercised or directed by the Congress or by either House thereof or by any committee of the Congress or of either House duly authorized, it is the opinion of the Comptroller General that the General Accounting Office would be unable to undertake an audit of the activities of the Board and the Federal Reserve banks without specific authority of the Congress.

#### General Services Administration

##### Defense Materials Service

The Defense Production Act of 1950 (50 U.S.C. App. 2061) does not specifically require that contracts negotiated without advertising contain a clause giving the Comptroller General access to any pertinent records of the contractor.

In an audit of GSA contracts completed in 1961, we were unable to review the cost and profit factors pertaining to the fixed price established in one of the contracts because of restrictions in the contract. In our report on the audit we brought this matter to the attention of the Congress and suggested that it may wish to consider amending the act to require that all future negotiated contracts contain a clause permitting the Comptroller General to have access to all of the contractors' pertinent records.

Absence of a specific requirement in the Defense Production Act that contracts negotiated without advertising contain a clause giving the Comptroller General access

to any pertinent records of the contractor, remains true today as it did in 1961. However, the point is largely academic in that no procurement contracts have been entered into in recent years. We were informed that a few contracts (negotiated without advertising) for upgrading Government-owned materials have been entered into in recent years and that they did give GAO right of access to contractors' records.

#### Railroad Retirement Board

##### Retirement and Survivor Benefit Program

The Railroad Retirement Act provides that decisions by the Board upon issues of law and fact relating to pensions, annuities, or death benefits shall not be subject to review by any other administrative or accounting officer, agent, or employee of the United States. (45 U.S.C. 228j (b).)

##### Unemployment and Sickness Insurance Program

The Railroad Unemployment Insurance Act provides generally that findings of fact and conclusions of law by the Board relative to claims for benefits or refunds and the availability of unexpended funds in the railroad unemployment insurance account to pay such claims or refunds shall be binding and conclusive for all purposes and upon all persons, including the Comptroller General and any other administrative or accounting officer, employee, or agent of the United States, and shall not be subject to review except by United States Courts of Appeals. (45 U.S.C. 355g.)

While finality clauses applicable to the Railroad Retirement Board preclude our issuance of formal exceptions on the matters subject to restriction, such clauses do not deny us access to agency files and records, nor do they prevent us from reporting on these matters when, in our opinion, disclosure is warranted.

## Smithsonian Institution

The Smithsonian Institution was created by act of the Congress approved August 10, 1846, to carry out the terms of the will of James Smithson, to create an establishment "for the increase and diffusion of knowledge among men" (20 U.S.C. 41). In addition to the original Smithson endowment, the Institution holds and administers a number of special funds for purposes stipulated by their donors.

The Administrative expenses of the Institution are paid from appropriated funds and are audited by the General Accounting Office. The trust funds are deposited with the Treasurer of the United States and checks are drawn by the Institution against such deposits. The Institution is required by law to submit to the Congress, at each session thereof, a report of the operations, expenditures, and condition of the Institution (20 U.S.C. 57).

The National Gallery of Art is a semiautonomous bureau in the Smithsonian Institution. The actions of the Board of Trustees of the National Gallery of Art, including any payment made or directed to be made by it from any trust funds, are not to be subject to review by any officer or agency other than a court of law. /20 U.S.C. 74(d)./

The John F. Kennedy Center for the Performing Arts (formerly called the National Cultural Center) was established as a bureau in the Smithsonian Institution by the act of September 2, 1958, 72 Stat. 1698 as amended by the act of January 23, 1964, 78 Stat. 4. Under section 5(c) of the act the actions of the Center's Board of Trustees, including any payment made or directed to be made by it from trust funds, are not subject to review by any officer or agency other than a court of law.

In view of the reporting requirements set forth in 20 U.S.C. 57, it has never been the position of our Office that an audit of the trust funds mentioned above should be undertaken.

## LEGISLATIVE BRANCH

### THE SENATE

#### Expense allowance of the Vice President

There shall be paid to the Vice President in equal monthly installments an expense allowance of \$10,000 per annum to assist in defraying expenses relating to or resulting from the discharge of his official duties, for which no accounting, other than for income tax purposes, shall be made by him. (3 U.S.C. 111.)

Our examination of these payments, which are reported on abstracts of disbursements submitted by the Secretary of the Senate, is limited to determining that the total does not exceed the statutory limitation.

#### Salary and mileage accounts of Senators

Salary and mileage accounts of Senators shall be certified by the President of the Senate and such certificate shall be conclusive upon all the departments and officers of the Government. (2 U.S.C. 48.)

#### Mileage of the President of the Senate

The President of the Senate shall be paid mileage in the same manner as is now allowed by law to Senators. (2 U.S.C. 43(a).)

Our examination of these two types of payments, which are reported on abstracts of disbursements submitted by the Secretary of the Senate, is limited to determining whether the payments are certified by the President of the Senate.



### Payments from contingent fund of the Senate

No payment shall be made from the contingent fund of the Senate unless sanctioned by the Committee on Rules and Administration of the Senate. Payments made upon vouchers approved by said Committee shall be deemed, held, and taken, and are declared to be conclusive upon all the departments and officers of the Government. (2 U.S.C. 68.)

Our audit of these payments consists in ascertaining, on a test-check basis, whether the vouchers are signed by duly authorized persons and approved by the Chairman of the Committee on Rules and Administration, and show that the correct appropriation is being charged.

### THE HOUSE OF REPRESENTATIVES

#### Expense allowance for Speaker of the House of Representatives

There shall be paid to the Speaker of the House of Representatives in equal monthly installments an expense allowance of \$10,000 per annum to assist in defraying expenses relating to or resulting from the discharge of his official duties, for which no accounting, other than for income tax purposes, shall be made by him. (2 U.S.C. 31(b).)

Our audit of these payments is limited to determining that the total payments are within the statutory limitation.

#### Payments from contingent fund of the House of Representatives

No payment shall be made from the contingent fund of the House of Representatives unless sanctioned by the Committee on House Administration. Payments from the contingent fund made upon vouchers approved by said Committee shall be deemed, held, and taken, and are declared to be conclusive upon all the departments and officers of the Government. (2 U.S.C. 95.)

Our audit of these payments consists in ascertaining, on a test-check basis, whether the vouchers are signed by duly authorized persons and approved by the Chairman, Committee on House Administration, and show that the correct appropriation is being charged.

#### Salary and mileage accounts of Representatives

Salary and mileage accounts of Representatives shall be certified by the Speaker of the House of Representatives, or by the Clerk of the House under certain circumstances, and such certificate shall be conclusive upon all the departments and officers of the Government. (2 U.S.C. 48 and 49.)

These payments are made in accounts of the Sergeant at Arms of the House of Representatives which are required to be audited in the Office of the Sergeant at Arms once each six months. (2 U.S.C. 81a.) Our examination of the salary and mileage payments is limited to determining whether they are certified to as provided by law.

#### UNITED STATES GROUPS - INTERNATIONAL CONFERENCES

North Atlantic Treaty Parliamentary Conference -  
Canada - United States Parliamentary Group -  
Mexico - United States Parliamentary Group -

The law (22 U.S.C. 1928d) provides that the certificate of the Chairman of the House delegation and the Senate delegation of the North Atlantic Treaty Parliamentary Conference shall on and after July 11, 1956, be final and conclusive upon the accounting officers in the auditing of the accounts of the United States Group of the North Atlantic Treaty Parliamentary Conference.

Similarly, certificates of the Chairmen of the House delegations or the Senate delegations to the Canada-United States Parliamentary Group (22 U.S.C. 276g) and to the

Mexico - United States Parliamentary Group (22 U.S.C. 276k) are final and conclusive upon the accounting officers in the auditing of the accounts of the United States Group.

Our audit of any expenditures under this heading would consist in determining whether the vouchers were certified to by the Chairman of the House or Senate delegations and showed the correct appropriation being charged.

#### ARCHITECT OF THE CAPITOL

##### Payments from the special deposit account - Restaurants

The Architect of the Capitol is required to operate the House Restaurant for and on behalf of the House of Representatives. The restaurant is operated with receipts derived from operations and amounts appropriated from time to time as a part of the appropriation "Contingent Expenses, House of Representatives, Miscellaneous Items." Such funds are deposited in a special deposit account with the Treasurer of the United States.

Payments made by the Architect of the Capitol, or by such employees as he may designate, from the special deposit account shall be subject to audit by the General Accounting Office at such times and in such manner as the Comptroller General may direct, provided that payments made by or under the direction of the Architect of the Capitol from such special deposit account shall be conclusive upon all officers of the Government. (40 U.S.C. 174k.)

Similar provisions were made for the special deposit account established for the Senate Restaurants by Public Law 87-82, approved July 6, 1961 (75 Stat. 199) (40 U.S.C. 174j), which transferred the management of these restaurants also to the Architect of the Capitol.

Under our audit authority, we make periodic examinations of the financial statements relating to these operations and such tests of accounting records and other

auditing procedures as are considered necessary. Our examination of expenditures from the special deposit accounts includes tests of accuracy and propriety and determining whether the vouchers are certified by duly authorized persons.

## JUDICIAL BRANCH

### SUPREME COURT

The General Accounting Office has no duty to settle the accounts of the Clerk of the Supreme Court (28 U.S.C. 671), and no right of access to his records (31 U.S.C. 2, 54).

### GENERAL

Section 117(b) of the Accounting and Auditing Act of 1950 (31 U.S.C. 67(b)), expressly vests in the Comptroller General the authority to require that accounts and records of executive agencies be retained at agency sites for audit purposes. As to the legislative and judicial branches, however, this authority may be exercised only through agreements with such branches. Therefore, the General Accounting Office may not unilaterally determine that a site audit will be performed and require the agencies in the legislative branch to retain their accounts and records at the sites, even though it may be determined that site audits are desirable.

OTHER

DISTRICT OF COLUMBIA GOVERNMENT

The District of Columbia Appropriation Act, 1966 (Public Law 89-75, approved July 16, 1965), provides:

1. General Operating Expenses--That the certificate of the Commissioners shall be sufficient voucher for the expenditure of \$2,500 of this appropriation for such purposes, exclusive of ceremony expenses, as they may deem necessary.
2. Metropolitan Police--That of the amount appropriated, \$35,000 shall be exclusively available for expenditure by the Chief of Police for prevention and detection of crime under his certificate approved by the Commissioners, and every such certificate shall be deemed a sufficient voucher for the sum therein expressed to have been expended.

The following provision relative to District of Columbia income tax returns is contained in 47 DC Code 1564c:

Secrecy of returns--Except to any official of the District, having right thereto in his official capacity, it shall be unlawful for any officer or employee of the District to divulge or make known in any manner the amount of income or any particulars relating thereto or the computation thereof set forth or disclosed in any return required to be filed under section 47-1564, and neither the original nor a copy of any such return desired for use in litigation in court shall be furnished where neither the District nor the United States is interested in the result of such litigation, whether or not the request is contained in an order of the court.

## ACTIVITIES COMMON TO MORE THAN ONE AGENCY

### Federal grants-in-aid or cost sharing programs

The general audit authority over the financial transactions of Federal Government departments and agencies (42 Stat. 24 and 64 Stat. 832) has not been regarded as extending to moneys which have been transferred to and are under the custody and control of State or Territorial agencies or instrumentalities. Funds paid to a State or Territory as grants-in-aid have been considered to lose their identity as Federal funds and to become State or Territorial funds. As a consequence, the expenditures of such funds by the States or Territories are not subject to our audit unless the grant or some other law specifically provides authority for such audit.

Our audit activities with respect to grant-in-aid or cost sharing programs are generally limited to the extent that we are able to obtain approval and cooperation of the Federal departments and agencies and the States, Territories, and local authorities.

As examples of the kind of audit working arrangements made, see the discussion above on programs of the Department of Commerce, Federal Aid Highway Program (p. 4), the Department of Health, Education, and Welfare (p. 9), the Department of Housing and Urban Development (p. 9), and the Department of Labor (p. 14).

### Basic scientific research programs-- nonprofit organizations

Public Law 85-934 provides that the head of each agency of the Federal Government, authorized to enter into contracts for basic scientific research at nonprofit organizations whose primary purpose is the conduct of scientific research, is authorized, where it is deemed to be in furtherance of the objectives of the agency, to make grants to such institutions or organizations for the support of such basic scientific research. Discretionary authority is also provided to vest title to equipment purchased with such grants or contract funds in such institutions or

organizations, without further obligation to the Government, or on such other terms and conditions as the agency deems appropriate. Audit review of such programs would be limited to the extent that appropriate reservations therefor are included in the terms and conditions agreed upon. (cf. 14 Comp. Gen. 916.)

Various activities carried on with  
nonappropriated funds

There are many activities carried on by Government agencies which are subject to limited audit by the General Accounting Office because they are financed with nonappropriated funds. These activities include the operation of exchanges, restaurants, concessions, canteens, welfare activities, vending machine operations, and other revenue-producing activities.

Over the years these activities have grown to the status of big business. In general, they are carried on for the morale, welfare, and recreation of the agency or military establishment. GAO authority to audit these activities is limited to those aspects in which they receive support from appropriated funds, such as the use of Government buildings, the services of military personnel, and the like.

Under existing legislation, these activities are not within the reach of an effective audit by the General Accounting Office. This Office has in the past advocated a modification of its audit jurisdiction and the entire subject of the inadequacy of present-day controls over some of these revenue-producing activities has been brought to the attention of the Congress on a number of occasions.

The Comptroller General's report to the Congress (B-45101) dated August 10, 1949, provides a fairly complete disclosure of the situation.



## PART II

### INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The United States is a member in, and financial contributor to, numerous international organizations.

A list of the multilateral organizations and programs to which the United States contributes and international finance organizations in which it is a member (no current contributions) begins on page 34.

### GAO AUDIT AUTHORITY

The General Accounting Office does not have any specific authority to audit the affairs of any of these organizations. GAO may, however, depending on the contractual relationship between the United States and the recipient international organization, be permitted to examine records pertinent to the application of United States contributions, to the extent that the Department of State or any other administering United States agency would delegate its own rights of inspection or examination.

MULTILATERAL INTERNATIONAL ORGANIZATIONS  
AND PROGRAMS IN WHICH THE UNITED STATES  
IS A PARTICIPANT

UNITED NATIONS AND SPECIALIZED AGENCIES:

- United Nations
- Food and Agriculture Organization
- International Civil Aviation Organization
- International Labor Organization
- International Maritime Consultative Agencies
- International Secretariat for Volunteer Services
- International Telecommunication Union
- United Nations Children's Fund
- United Nations Educational, Scientific and Cultural Organization
- United Nations Emergency Force
- United Nations Expanded Technical Assistance Program
- United Nations Forces in Cyprus
- United Nations High Commissioner for Refugees Program
- United Nations Operations in the Congo
- United Nations Relief and Works Agency for Palestine Refugees in the Near East
- United Nations Special Fund
- United Nations Training and Research Institute
- Universal Postal Union
- World Health Organization
- World Meteorological Organization

INTER-AMERICAN ORGANIZATIONS:

- Inter-American Children's Institute
- Inter-American Indian Institute
- Inter-American Institute of Agricultural Sciences
- Inter-American Tropical Tuna Commission
- Organization of American States
- Pan American Health Organization
- Pan American Institute of Geography and History
- Pan American Railway Congress Association
- Postal Union of the Americas and Spain

#### OTHER REGIONAL ORGANIZATIONS:

Central Treaty Organization  
Colombo Plan Council for Technical Cooperation in  
South and Southeast Asia  
Indus Basin Development Program  
International Commission for the Supervision and Control  
of Peace in Laos  
North Atlantic Treaty Organization: Civilian Headquarters  
North Atlantic Treaty Organization: Parliamentary  
Conference  
Organization for Economic Cooperation and Development  
Southeast Asia Treaty Organization  
South Pacific Commission

#### OTHER INTERNATIONAL ORGANIZATIONS:

Central Commission for the Navigation of the Rhine  
General Agreement on Tariffs and Trade  
Hague Conference on Private International Law  
International Atomic Energy Agency  
International Bureau of Education  
International Bureau for the Permanent Court of Arbitration  
International Bureau for the Publication of Customs  
Tariffs  
International Bureau of Weights and Measures  
International Coffee Organization  
International Commission for the Northwest Atlantic  
Fisheries  
International Committee for European Migration  
International Cotton Advisory Committee  
International Council of Scientific Unions and Associated  
Unions  
International Criminal Police Organization  
International Hydrographic Bureau  
International Institute for the Unification of Private Law  
International Lead and Zinc Study Group  
International North Pacific Fisheries Commission  
International Rubber Study Group  
International Seed Testing Association  
International Sugar Council  
International Union of Official Travel Organizations

OTHER INTERNATIONAL ORGANIZATIONS: (continued)

International Bureau for the Protection of Industrial  
Property  
International Whaling Commission  
International Wheat Council  
Interparliamentary Union  
North Pacific Fur Seal Commission  
Permanent International Association of Navigation  
Congresses

INTERNATIONAL FINANCE ORGANIZATIONS:

Inter-American Development Bank  
International Bank for Reconstruction and Development  
International Development Association  
International Finance Corporation  
International Monetary Fund

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Source: The above listing was prepared from report submitted by the Department of State to the Congress entitled "United States Contributions to International Organizations," for the fiscal year 1963, House Document No. 313, 88th Congress, 2d Session and "The United States Budget for Fiscal Year 1966."



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