

joint study of the principles, standards, and related requirements of executive agencies, as defined in chapter 1 of title 5, United States Code, for accounting and auditing of Federal assistance programs. Such study shall emphasize ways and means of developing governmentwide accounting and auditing procedures that foster closer cooperation and coordination among the financial management officials of the different levels of the executive agencies, avoid unnecessary duplication, and minimize the amounts of time required to perform the accounting and auditing functions. Such study with recommendations shall be submitted to Congress not later than twelve months after the date of enactment of this Act.

"(b) The Comptroller General shall study and review the accounting and auditing systems of States and political subdivisions receiving Federal assistance in order to determine (1) the adequacy and effectiveness of such systems, and (2) the nature of any changes in the accounting and auditing procedures employed in such systems which would be required for compliance with the principles, standards, and related requirements prescribed by the Comptroller General for protecting the interests of the United States with regard to accounting for expenditures of Federal assistance funds by States and their political subdivisions.

"(c) The Comptroller General, after consulting the Secretary of the Treasury and the Director of the Bureau of the Budget concerning their accounting and auditing needs, and considering statutory requirements and the needs of executive agencies responsible for administering Federal assistance programs, shall prescribe rules and regulations whereby such agencies may substitute for their accounting and auditing the accounting and auditing performed by States and political subdivisions receiving Federal assistance, when such accounting and auditing meet the requirements prescribed by the Comptroller General applicable to the administration of such assistance received by such States and political subdivisions. The Comptroller General shall make a report to Congress on the operations of this subsection at the end of each fiscal year, beginning with the first full fiscal year following the date of enactment of this Act."

[From the Congressional Record, May 8, 1968]

INTERGOVERNMENTAL COOPERATION ACT OF 1967—AMENDMENTS (MAY 8, 1968)

AMENDMENT NO. 748

Mr. MUSKIE. Mr. President, I submit, for appropriate reference, amendments which I intend to propose to S. 698, the intergovernmental cooperation bill, now pending in the Subcommittee on Intergovernmental Relations, Committee on Government Operations.

The amendments I will offer are intended to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs.

Every Federal agency administering Federal assistance programs to State and local governments is charged by the Congress and by the regulations of the Comptroller General with assuring proper legal use of Federal funds made available to State and local governments through such programs. As a result each administering agency and each major bureau engaged in grant-in-aid administration deploys a number of fiscal auditors throughout the States at various times to audit grant-in-aid accounts. The General Accounting Office has its own field operations with its "spot audit" program, which is geared to ascertaining the effectiveness of agency audits of Federal expenditures and which also involves audits of grant expenditures at the State and local levels.

Yet, Federal agency auditing and accounting activities have had to keep pace with the growth in the number and variety of Federal assistance programs. Moreover, State governments in recent years and many local governments have made strenuous efforts to improve the capability of their own accounting and auditing systems—thanks to the rapid growth of State and local programs and expenditures.

Federal assistance programs differ in objectives, magnitude, governments, and governmental agencies involved, and the clientele served and in many other characteristics. Such programs then can hardly be expected to yield completely to uniform accounting and auditing requirements. Nevertheless, there remains the question as to whether the existing financial reporting, accounting, and