retroactively require such payment. We believe consideration should be given to deleting the last sentence of section 203 since there appear to be no valid reasons for extending this principle for future application.

Section 303 provides that payments received by Federal departments or agencies for furnishing specialized or technical services to a State or political subdivision under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged or to the current appropriation available for the cost of similar services. We question such procedure on the grounds that appropriations may thereby be augmented without congressional review and approval. We suggest that congressional control would be strengthened if the reimbursements were required to be deposited as miscellaneous receipts of the Treasury and the costs of such services are included in the various budgets and appropriations.

Title V of S. 698 provides for congressional review of Federal grants-in-aid and for the automatic expiration of such grants-in-aid. We are in accord with the objectives of this title, which would appear to be beneficial not only as an additional device for strengthening congressional control over Federal grant-in-aid funds but also as an additional requirement for acquiring current information as a basis for legislation in the complex and fast-changing area of Federal-State-local relationships.

Section 504 of title V would require the Comptroller General to make continuing studies of present and future grant-in-aid programs concerning the extent to which conflict and duplication can be eliminated and improvement in the administration of such programs can be achieved by changing certain requirements and procedures applicable thereto, and to make reports on such studies, with recommendations, to the Congress. The Comptroller General would be required, in making such studies, to consider, among other relevant matters, the equalization formulas and the budgetary, accounting, reporting, and administrative procedures applicable to such programs.

It is our view that section 504 neither grants any authority to nor imposes any requirements on our Office in addition to those we believe now exist for reviewing and reporting to the Congress on Government programs, including Federal grant-in-aid programs. Reviews of grants-in-aid are presently made by our Office pursuant to the Budget and Accounting Act, 1921, and the Accounting and Auditing Act of 1950. Under these statutes, we have been making reviews of grant-in-aid programs and have been reporting to the Congress on the results of these reviews, both as part of our regular audit work and pursuant to specific requests of congressional committees. Our existing reporting policy is to invite the attention of the Congress to any significant information obtained during our work which we believe or know to be of interest to it. Inherent in this policy is the inclusion in our reports of recommendations and suggestions which are made to the Congress or the executive departments for consideration, on the basis of the information in the reports, as to whether program changes of a substantive or policy nature should be made. We consider that reporting on substantive and policy matters is an existing responsibility of our Office, and we believe that our reports on Federal programs, including grant-in-aid programs, clearly evidence that we have been carrying out this responsibility for many years. However, enactment of this section would emphasize congressional interest in achieving more effective, efficient, economical, and uniform administration of such programs through continuing reviews by the General Accounting Office.

There is enclosed a copy of our letter to you, B-146285, January 24, 1964, which, in greater detail, explains our view that language along the lines of section 504 would neither impose nor grant any additional authority to our Office. Our letter of January 24, 1964, was prompted by testimony of officials of the Executive branch during the hearings on a similar bill S. 2114, 88th Congress.

The word "therefore" in line 14, page 19, should be "theretofore."

With regard to section 506, the "records and audit" provision, we consistently have been calling attention in our reports to congressional committees on proposed new grant programs to the desirability of including in the authorizing legislation specific provisions requiring grantees to keep adequate cost records of the projects or undertakings receiving Federal financial contributions and authorizing the administrative agencies involved and the Comptroller General to have access to the grantees' records for the purpose of audit and examination. In view of the increase in grant programs over the past several years, we feel that such requirement and authority are necessary in order to determine whether grants have been applied or expended for the purpose for which the grant was made. We most strongly urge that this provision (section 506) be included in