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Accounting and Information
Management Division

B-279873

May 1, 1998

The Honorable Robert G. Torricelli
United States Senate

Subject: Independent Counsels: Inquiry Regarding Expenditures

Dear Senator Torricelli:

This letter responds to your recent inquiry regarding the specificity of expenditure data reported by independent counsels, and the extent to which we compile and maintain itemized information and supporting documentation for the expenditures. As discussed below, we maintain detailed information only to the extent needed to support our audit of the independent counsels. Comprehensive information and documentation is maintained by the independent counsels' offices and the Administrative Office of the U.S. Courts.

The Department of Justice and independent counsels are required under 28 U.S.C. 594(d)(2),(h), and 596(c)(1) (1994) to report every 6 months on expenditures from a permanent, indefinite appropriation that Public Law 100-202 established within Justice to fund independent counsel activities. The law does not specify the categories or the level of detail independent counsels should use for reporting their expenditures. However, independent counsels have adopted a consistent reporting format that summarizes their expenditures in seven broad categories.¹ Of these categories, personnel compensation and benefits and travel typically constitute a majority of independent counsel expenditures.

Independent counsels also report other significant costs that are paid from appropriations other than the permanent, indefinite appropriation. These costs arise when an independent counsel uses detailees from other federal agencies, such as the Federal Bureau of Investigation. Independent counsels are not required to, and do not, reflect such costs in their

¹The seven expenditure categories are personnel compensation and benefits; travel; rent, communications, and utilities; contractual services; acquisition of capital assets; supplies and materials; and administrative services.

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statements of expenditures; rather, they identify and discuss them in the notes to their statements.

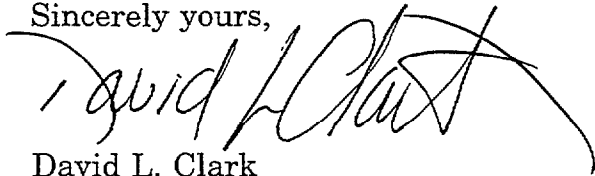
To satisfy the audit requirements contained in 28 U.S.C. 596(c)(2) and Public Law 100-202, we audit the statements of expenditures prepared by independent counsels. In our most recent audit, we reported that the independent counsels' statements of expenditures were reliable in all material respects.²

In performing our audit, we identify expenditures using records compiled and maintained by independent counsels and the Administrative Office of the U.S. Courts, which provides administrative support to independent counsels. We summarize the expenditures for each independent counsel and, using statistical sampling techniques, select expenditures for testing. Our testing in the payroll area, for example, includes a review of time and attendance records for selected independent counsel employees, a comparison of pay rates with rates allowable under the independent counsel law, tests of the computation of benefit payments, and a recalculation of gross and net pay. We also review supporting documentation, such as vendor invoices and travel records, for other expenditures tested.

Our workpapers contain copies of automated files itemizing independent counsel expenditures, schedules listing the expenditures we tested, copies of certain supporting documentation for some of the expenditures we tested, and the results of our audit tests. Our workpapers do not contain comprehensive information for all independent counsel expenditures or copies of supporting documentation for all expenditures. This information is maintained at the appropriate office of independent counsel and the Administrative Office of the U.S. Courts.

Please call me on (202) 512-9489 if you or you staff have any questions.

Sincerely yours,



David L. Clark
Director, Audit Oversight and Liaison

²Financial Audit: Independent Counsel Expenditures for the Six Months Ended September 30, 1997 (GAO/AIMD-98-100, March 31, 1998).

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