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

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B-87620

March 16, 1979

The Honorable Jack Brooks
Chairman, Committee on Government
Operations
House of Representatives

Dear Mr. Chairman:

On January 29, 1979, you requested our [comments on H.R. 555,] a bill to require us to annually audit the gold held by the United States and report our findings to the Congress. In a letter to your Committee on June 28, 1978, we opposed similar requirements that were specified in H.R. 12781. Our reasons for opposing the latest bill follow.

Under the provisions of the Budget and Accounting Act, 1921 and the Accounting and Auditing Act of 1950, we have authority to make comprehensive audits of each executive agency. This authority permits us to perform audits of financial transactions including but not limited to accounts of accountable officers of each agency. Within our existing authority, we have previously evaluated the Bureau of the Mint's procedures to account for and control the gold reserves and observed the physical inventories of the gold at Fort Knox, the Government's largest gold depository. The most recent observation was completed in June 1978 during which we noted no major deficiencies.

We plan to continue observing Treasury's physical inventory of the gold and applying other audit techniques as necessary to ensure that the gold stock is properly safeguarded. Additionally, we plan this month to begin a broad scope survey of the Treasury's financial operations that were consolidated into one office in the past few years. Its purpose is to identify problems in accounting system controls that warrant further review. The survey results will be used as a basis for planning our future work in evaluating Treasury's physical and accounting controls of all assets of the United States Government.

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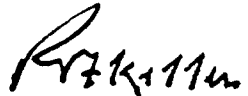
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The proposed bill essentially requires us to conduct an annual inventory of the gold held at all locations of the Government and report annually the results of the audit to the Congress. To comply with these requirements, we would have to use a considerable amount of our resources. And with our limited resources available, this can only be done by reducing our audit coverage of other equally important Government programs and activities.

Because we already have the authority to audit the gold reserves and because the proposed bill could have an adverse effect on our limited resources, we, therefore, recommend that H.R. 555 not be enacted.

Sincerely yours,



Deputy Comptroller General
of the United States